DRAFT RED HERRING PROSPECTUS
Dated March 28, 2018
Please read Section 32 of the Companies Act, 2013
(This Draft Red Herring Prospectus will be updated upon filing with the RoC)
Book Built Offer

VARROC ENGINEERING LIMITED

Varroc Engineering Limited (our "**Company**" or the "**Company**") was incorporated on May 11, 1988 at Mumbai as Varroc Engineering Private Limited, as a private limited company under the Companies Act, 1956. On July 1, 1997, our Company was converted into a deemed public company under section 43A (1A) of the Companies Act, 1956 and the word "Private" was deleted from the name of our Company. Thereafter, on January 24, 2001 our Company was again converted into a private company under section 43A (2A) of the Companies Act, 1956 and the word "Private" was added to the name of our Company. Subsequently, our Company was converted into a public limited company pursuant to approval of the Shareholders at an extraordinary general meeting held on January 25, 2018. On February 5, 2018, the name of our Company was changed to Varroc Engineering Limited and a fresh certificate of incorporation consequent upon conversion to a public limited company was issued to our Company by the RoC. For more information regarding our Company's corporate history and changes to address of the registered office of our Company, see "*History and Certain Corporate Matters*" on page 220.

Corporate Identity Number: U28920MH1988PLC047335
Registered and Corporate Office: L-4, MIDC Area, Waluj, Aurangabad 431 136, Tel: +91 240 6653 700/6653 699, Fax: +91 240 2564 540
Contact Person: Rakesh Darji, Company Secretary and Compliance Officer; **Tel:** +91 240 6653 662; Fax: +91 240 2564 540
E-mail: investors@varroc.com; **Website**: www.varrocgroup.com

OUR PROMOTER: TARANG JAIN

INITIAL PUBLIC OFFERING OF UP TO 18,536,600 EQUITY SHARES OF FACE VALUE OF ₹ 1 EACH (THE "EQUITY SHARES") OF OUR COMPANY FOR CASH AT A PRICE OF ₹ [•] PER EQUITY SHARE (THE "OFFER PRICE") AGGREGATING UP TO ₹ [•] MILLION THROUGH AN OFFER FOR SALE OF (i) UP TO 1,752,560 EQUITY SHARES AGGREGATING TO ₹ [•] MILLION BY, OUR PROMOTER, TARANG JAIN ("PROMOTER SELLING SHAREHOLDER"); (ii) UP TO 15,373,608 EQUITY SHARES AGGREGATING TO ₹ [•] MILLION BY OMEGA TC HOLDINGS PTE. LTD. ("INVESTOR SELLING SHAREHOLDER 1"); AND (iii) UP TO 1,410,432 EQUITY SHARES AGGREGATING TO ₹ [•] MILLION BY TATA CAPITAL FINANCIAL SERVICES LIMITED ("INVESTOR SELLING SHAREHOLDER 2", WHO ALONG WITH INVESTOR SELLING SHAREHOLDER 1 ARE COLLECTIVELY HEREINAFTER REFERRED TO AS "INVESTOR SELLING SHAREHOLDERS"), (THE "OFFER FOR SALE" OR THE "OFFER' AND SUCH SHAREHOLDERS OFFERING THEIR RESPECTIVE EQUITY SHARES IN THE OFFER FOR SALE ARE COLLECTIVELY HEREINAFTER REFERRED TO AS THE "SELLING SHAREHOLDERS" AND INDIVIDUALLY AS A "SELLING SHAREHOLDER"). THE OFFER INCLUDES A RESERVATION OF 100,000 EQUITY SHARES AGGREGATING UP TO ₹ [•] MILLION, FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION") AT A DISCOUNT OF [•]% (EQUIVALENT TO ₹ [•]) ON THE OFFER PRICE ("EMPLOYEE DISCOUNT") . THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS THE "NET OFFER" AND SUCH NET OFFER AGGREGATES UP TO 18,436,600 EQUITY SHARES. THE OFFER AND THE NET OFFER SHALL CONSTITUTE 13.75% AND 13.68%, RESPECTIVELY, OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE PRICE BAND, EMPLOYEE DISCOUNT, IF ANY, AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDERS, IN CONSULTATION WITH THE GCBRLMS AND THE BRLM, AND WILL BE ADVERTISED IN [•] EDITIONS OF [•] (A WIDELY CIRCULATED ENGLISH NATIONAL DAILY NEWSPAPER), [•] EDITIONS OF [•] (A WIDELY CIRCULATED HINDI NATIONAL DAILY NEWSPAPER) AND [•] EDITIONS OF [•] (A WIDELY CIRCULATED MARATHI NEWSPAPER, MARATHI BEING THE REGIONAL LANGUAGE OF MAHARASHTRA, WHERE OUR REGISTERED OFFICE IS SITUATED), AT LEAST FIVE WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SUCH ADVERTISEMENT SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", AND TOGETHER WITH THE BSE, THE "STOCK EXCHANGES") FOR THE PURPOSES OF UPLOADING ON THEIR RESPECTIVE WEBSITES.

THE FACE VALUE OF THE EQUITY SHARES IS ₹ 1 EACH AND THE OFFER PRICE IS [•] TIMES THE FACE VALUE OF THE EQUITY SHARES

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

The Offer is being made in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended (the "**SCRR**") read with Regulation 41 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "**SEBI ICDR Regulations**") and in compliance with Regulation 26(1) of the SEBI ICDR Regulations, this Offer is being made through the Book Building Process, wherein not more than 50% of the Net Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**") (the "**QIB Category**"), provided that our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLM, may allocate up to 60% of the QIB Category to Anchor Investors, on a discretionary basis (the "**Anchor Investor Portion**"), 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 price at which allocation is made to Anchor Investors. Further, 5% of the QIB Category (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Category shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Offer Price. Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Net Offer will be available for allocation to Retail Individual Investors, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All Bidders (except Anchor Investors) shall mandatorily participate in this Offer only through the Application Supported by Blocked Amount ("**ASBA**") process, and shall provide details of their respective bank account in which the Bid amount will be blocked by the SCSBs. Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA process. For details, see "*Offer Procedure*" on page 592.

RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of the Equity Shares by our Company, there has been no formal market for the Equity Shares. The face value of our Equity Shares is ₹ 1 each and the Floor Price and Cap Price are [•] times and [•] times of the face value of the Equity Shares, respectively. The Offer Price (as determined by our Company and the Selling Shareholders in consultation with the GCBRLMs and the BRLM, in accordance with the SEBI ICDR Regulations, and as justified in "*Basis for Offer Price*" on page 120) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their 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 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 19.

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 Shareholder, severally and not jointly, accepts responsibility for and confirms only the statements specifically made by such Selling Shareholder in this Draft Red Herring Prospectus to the extent that the statement pertains to such Selling Shareholder and the respective portion of the Equity Shares offered by it in the Offer for Sale are true and correct in all material aspects and are not misleading in any material respect. Each Selling Shareholder, severally and not jointly, does not assume any responsibility for any other statements, including without limitation, any and all of the statements made by or in relation to our Company or the other Selling Shareholders in this Draft Red Herring Prospectus.

LISTING

The Equity Shares proposed to be issued 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 this Offer, [•] is the Designated Stock Exchange.

GLOBAL CO-ORDINATORS AND BOOK RUNNING LEAD MANAGERS			BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE OFFER
Kotak Mahindra Capital Company Limited 1st Floor, 27 BKC, Plot No. 27, G Block Bandra Kurla Complex, Bandra (East) Mumbai 400 051 Tel: +91 22 4336 0000 Fax: +91 22 6713 2447 E-mail: varroc.ipo@kotak.com Investor grievance e-mail: kmccredressal@kotak.com Contact Person: Ganesh Rane Website: www.investmentbank.kotak.com SEBI Registration No.: INM000008704	**Citigroup Global Markets India Private Limited** 1202, 12th Floor, First International Financial Centre, G-Block, C54&55 Bandra Kurla Complex, Bandra (East), Mumbai 400 098 Tel: +91 22 6175 9999 Fax: +91 22 6175 9898 Email: varroc.ipo@citi.com Investor Grievance E-mail: investors.cgmib@citi.com Contact Person: Ashish Guneta Website:www.online.citibank.co.in/rhtm/citigroupglobalscreen SEBI Registration No: INM000010718	**Credit Suisse Securities (India) Private Limited** Ceejay House, 9th Floor, Plot F, Shivsagar Estate, Dr. Annie Besant Road, Worli Mumbai 400 018 Tel: +91 22 6777 3914 Fax: +91 22 6777 3820 E-mail: list.varrocipo@credit-suisse.com Investor grievance e-mail: list.igcellmer-bnkg@credit-suisse.com Contact Person: Ashish Khullar Website: www.creditsuisse.com/in/en/investment-banking/regional-presence/asia-pacific/india/ipo.html SEBI Registration No.: INM000011161	**IIFL Holdings Limited** 10th Floor, IIFL Centre Kamala City, Senapati Bapat Marg Lower Parel (West), Mumbai 400 013 Tel: +91 22 4646 4600 Fax: +91 22 2493 1073 E-mail: varroc.ipo@iiflcap.com Investor grievance e-mail: ig.ib@iiflcap.com Contact Person: Pranay Doshi Website: www.iiflcap.com SEBI Registration No.: INM000010940	**Link Intime India Private Limited** C-101, 1st floor, 247 Park, L B S Marg Vikhroli West, Mumbai 400 083 Tel: +91 22 4918 6200 Fax: +91 22 4918 6195 E-mail: varroc.ipo@linkintime.co.in Investor grievance e-mail: varroc.ipo@linkintime.co.in Contact Person: Shanti Gopalkrishnan Website: www.linkintime.co.in SEBI Registration No.: INR000004058

BID/OFFER PERIOD*

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

** Our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLM, may consider participation by Anchor Investors, in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date.*
*** Our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLM, may decide to close the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with SEBI (ICDR) Regulations.*

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SECTION I - GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or implies, the following terms shall have the meanings provided below in this section, and references to any statute or regulations or policies will include any amendments or re-enactments thereto, from time to time. In case of any inconsistency between the definitions given below and the definitions contained in the General Information Document (as defined below), the definitions given in this section shall prevail. Notwithstanding the foregoing, terms in "Main Provisions of the Articles of Association", "Statement of Tax Benefits", "Industry Overview", "Regulations and Policies in India", "Financial Information", "Outstanding Litigation and Material Developments" and "Part B" of "Offer Procedure", will have the meaning ascribed to such terms in those respective sections.

General terms

Term	Description
"our Company", "VEL", "the Company" or "the Issuer",	Varroc Engineering Limited, a public company incorporated under the Companies Act, 1956 and having its Registered and Corporate Office at L-4, MIDC Area, Waluj, Aurangabad 431136.
"we", "us" or "our"	Unless the context otherwise requires, our Company, Subsidiaries and Joint Ventures, on a consolidated basis.

Company related terms

Term	Description
AoA/Articles of Association or Articles	The articles of association of our Company, as amended.
Aries Mentor Holding B.V.	Aries Mentor Holding B.V., The Netherlands
Audit Committee	Audit committee of our Company, constituted in accordance with Regulation 18 of the SEBI Listing Regulations and Section 177 of the Companies Act, 2013, described in "*Our Management*" on page 239.
Auditors/ Statutory Auditors	The statutory auditors of our Company, being Price Waterhouse & Co Chartered Accountants LLP.
Amendment Agreement	Amendment to Shareholders Agreement and Subscription Agreement dated March 25, 2018
Board/ Board of Directors	The board of directors of our Company.
CSR Committee	Corporate Social Responsibility committee of our Company, constituted in accordance with Regulation 18 of the SEBI Listing Regulations and Section 177 of the Companies Act, 2013, described in "*Our Management*" on page 239.
Chief Financial Officer/ CFO	Chief financial officer of our Company.
Company Secretary	Company secretary of our Company.
Compliance Officer	Compliance officer of our Company appointed in accordance with the requirements of the SEBI ICDR Regulations.
Conversion Deadline	In accordance with the Subscription Agreement, the conversion deadline for conversion of Series C CCPS into Equity Shares shall initially be March 31, 2019 and shall be extended in accordance with the provisions of the Subscription Agreement.
Director(s)	The director(s) on our Board, as appointed from time to time.
Durovalves India	Durovalves India Private Limited
Equity Shares	The equity shares of our Company of face value of ₹ 1 each.
Electromures S.A.	Electromures S.A. (Romania)
Endurance Group	All companies promoted, owned or controlled by Anurang Jain, including Endurance Technologies Limited, its subsidiaries and joint ventures.
Group Companies	The group companies of our Company, as covered under the applicable accounting standards and other companies as considered material by our Board, if any, in accordance with the materiality policy dated February 6, 2018. For details, see "*Group Companies*" of page 260.
I.M.E.S, Italy / I.M.E.S.	Industria Meccanica E Stampaggio S.P.A.

Term	Description
Independent Director(s)	A non-executive, Independent director as per the Companies Act, 2013 and the SEBI Listing Regulations.
Indian Subsidiaries	VPPL, Durovalves India, Varroc Lighting Systems and Team Concepts
Investor Nominee Director	Padmanabh Sinha
Investor Selling Shareholder 1	Omega TC Holdings Pte. Ltd.
Investor Selling Shareholder 2	Tata Capital Financial Services Limited
Investor Selling Shareholders	Investor Selling Shareholder 1 and Investor Selling Shareholder 2.
IPO Committee	The IPO committee of our Company, constituted pursuant to Board resolution dated January 31, 2017 to facilitate the process of the Offer, described in "*Our Management*" on page 239.
IPO Veto Date	In accordance with Subscription Agreement, if, at any time prior to the Conversion Deadline or any extension thereof, and provided that market conditions to support an IPO exist at such time, our Promoter and our Company have taken all necessary steps to initiate and undertake IPO (including our Promoters exercising their votes in favour of approving the IPO at meetings of the Board and / or Shareholders), but the Investor Selling Shareholders cast their vote against approving the IPO at the meeting of the Board or the Shareholders, then the date of the Board or Shareholders meeting at which the Investor Selling Shareholders cast such vote shall be considered to be the IPO Veto Date.
Joint Ventures	Joint ventures of our Company and as disclosed in "*Our Subsidiaries and Joint Ventures*" on page 227.
KMP/ Key Managerial Personnel	Key managerial personnel of our Company in terms of Regulation 2(1)(s) of the SEBI ICDR Regulations and Section 2(51) of the Companies Act, 2013 and as described in "*Our Management*" on page 239.
Materiality Policy	The policy adopted by our Board on February 6, 2018 for identification of Group Companies, outstanding material litigation and outstanding dues to creditors in respect of our Company, pursuant to the requirements of the SEBI ICDR Regulations.
MoA/Memorandum of Association	The memorandum of association of our Company, as amended.
Naresh Chandra Holdings Trust	The Naresh Chandra Holdings Trust is a private family trust, settled by Naresh Chandra, pursuant to a trust deed dated January 13, 2017.
Nomination and Remuneration Committee	The nomination and remuneration committee of our Company, constituted in accordance with Regulation 19 of the SEBI Listing Regulations and Section 178 of the Companies Act, 2013, described in "*Our Management*" on page 239.
Nuova C.T.S. S.R.L.	Nuova C.T.S. S.R.L. (Italy)
Non-Executive Directors	A director not being an Executive Director or an Independent Director.
Optionally Convertible Preference Shares	7% redeemable cumulative optionally convertible preference shares of ₹ 10 each
Preference Shares	Optionally Convertible Preference Shares, Series A CCPS, Series B CCPS and Series C CCPS.
Promoter	The Promoter of our Company, Tarang Jain. For details, see "*Our Promoter and Promoter Group*" on page 257.
Promoter Group	Persons and entities constituting the promoter group of our Company, pursuant to Regulation 2(1)(zb) of the SEBI ICDR Regulations, excluding (i) Anurang Jain (brother of our Promoter); (ii) Endurance Group; (iii) Vandana Khaitan (sister of Rochana Jain, wife of our Promoter); (iv) Sadhana Khaitan (sister of Rochana Jain, wife of our Promoter), (collectively, the "**Immediate Relatives**"); (v) any body corporate in which 10% or more of the equity share capital is held by the Immediate Relatives; (vi) any body corporate in which a body corporate mentioned in (v) above holds 10% or more of the equity share capital; (vii) any HUF or firm where such Immediate Relatives are members, or hold in the aggregate more than 10% of the shareholding. For details, see "Our Promoter and Promoter Group" on page 257.
Promoter Selling Shareholder	Tarang Jain.
Registered and Corporate Office	L-4, MIDC Area, Waluj, Aurangabad 431 136, India.

Term	Description
Restated Consolidated Financial Information	Restated consolidated statement of assets and liabilities as at March 31, 2017, 2016, 2015, 2014 and 2013 and as at December 31, 2017, the restated consolidated statement of changes in equity as at March 31, 2017, 2016 and 2015, and as at December 31, 2017 and the related restated consolidated statement of profit and loss and restated consolidated statement of cash flows for each of the years ended March 31, 2017, 2016, 2015, 2014 and 2013 and for the nine months period ended December 31, 2017 for our Company, its Subsidiaries and Joint Ventures, on a consolidated basis, during the relevant periods, read along with all the schedules and notes thereto and included in "*Financial Statements*" on page 263.
Restated Financial Information	Collectively, the Restated Consolidated Financial Information and Restated Standalone Financial Information.
Restated Standalone Financial Information	Restated standalone statement of assets and liabilities as at March 31, 2017, 2016, 2015, 2014 and 2013 and for the nine months period ended December 31, 2017, the restated standalone statement of changes in equity as at March 31, 2017, 2016 and 2015, and as at December 31, 2017 and the related restated standalone statement of profit and loss and restated standalone statement of cash flows for each of the years ended March 31, 2017, 2016, 2015, 2014 and 2013 and for the nine months period ended December 31, 2017 for our Company, read along with all the schedules and notes thereto and included in "*Financial Statements*" on page 263.
RoC or Registrar of Companies	The Registrar of Companies, Mumbai.
Selling Shareholders	Collectively, Investor Selling Shareholder 1, Investor Selling Shareholder 2, and Promoter Selling Shareholder. For details of the Equity Shares offered by each Selling Shareholder, see "*Other Regulatory and Statutory Disclosures*" on page 567.
Shareholders agreement	Agreement dated January 24, 2014, executed between our Company, our Promoter, Omega TC Holdings Pte. Ltd., Tata Capital Financial Services Limited, Naresh Chandra, Suman Jain and Rochana Jain.
Shareholders	The holders of the Equity Shares from time to time.
Stakeholders Relationship Committee	The stakeholders' relationship committee of our Company, constituted in accordance with Regulation 20 of the SEBI Listing Regulations and Section 178 of the Companies Act, 2013, described in "*Our Management*" on page 239.
Suman Jain Holdings Trust	The Suman Jain Holdings Trust is a private family trust, settled by Suman Jain, pursuant to a trust deed dated January 13, 2017.
Series A CCPS	0.001% Series "A" compulsorily convertible preference shares having face value of ₹ 10 each.
Series B CCPS	0.0001% Series "B" compulsorily convertible preference shares having face value of ₹ 10 each.
Series C CCPS	0.0001% Series "C" compulsorily convertible preference shares having face value of ₹ 1 each.
Subsidiaries	The subsidiaries of our Company, identified in accordance with the relevant provisions of the Companies Act, 2013, as on date of this Draft Red Herring Prospectus and as disclosed in "*Our Subsidiaries and Joint Ventures*" on page 227.
Subscription Agreement	Agreement dated January 24, 2014 entered into between our Company, our Promoter, other Shareholders namely Naresh Chandra, Suman Jain, and Rochana Jain, as amended by amendment agreements dated March 27, 2014 and March 9, 2017.
TJ Holdings Trust	The TJ Holdings Trust is a private family trust, settled by Tarang Jain, pursuant to a trust deed dated January 13, 2017.
TRI.O.M Mexico	TRI.O.M Mexico, S.A. de R.L. C.V. (Mexico)
TRI.O.M. S.p. A	TRI.O.M. S.p.A. (Italy)
TRI.O.M Vietnam	TRI.O.M. Vietnam Co. Limited (Vietnam)
Team Concepts	Team Concepts Private Limited
VPPL	Varroc Polymers Private Limited

Term	Description
Varroc Brazil	Varroc Do Brasil Comércio, Importação E Exportação De Máquinas, Equipamento E Peças LTDA., Brazil
VarrocCorp Holding B.V.	VarrocCorp Holding B.V. (The Netherlands)
Varroc European Holding B.V.	Varroc European Holding B.V. (The Netherlands)
Varroc Group	All companies promoted, owned or controlled by Tarang Jain, including our Company, our Subsidiaries and Joint Ventures.
Varroc Japan	Varroc Japan Co., Limited
Varroc Lighting Systems	Varroc Lighting Systems (India) Private Limited
Varroc Lighting Systems GmbH	Varroc Lighting Systems GmbH, (Germany)
Varroc Lighting Systems, Inc.	Varroc Lighting Systems, Inc., USA
Varroc Lighting Systems, Mexico	Varroc Lighting Systems S.de.R.L. de. C.V., Mexico
Varroc Lighting Systems, Morocco	Varroc Lighting Systems, S.A., Morocco
Varroc Lighting Systems, Poland	Varroc Lighting Systems Sp. Z o.o., Poland
Varroc Lighting Systems, S.R.O.	Varroc Lighting Systems, s.r.o, Czech Republic
Varroc TYC	Varroc TYC Corporation Limited, British Virgin Islands
Varroc TYC Auto Lamps	Varroc TYC Auto Lamps Co. Ltd., Changzhou
Varroc TYC Auto Lamps (CQ)	Chongqing Varroc TYC Auto Lamps Co. Limited

Offer related terms

Term	Description
Acknowledgment Slip	The slip or document issued by the Designated Intermediary(ies) to a Bidder as proof of registration of the Bid cum Application Form.
Allotted/Allotment/Allot	The transfer of the Equity Shares to successful Bidders pursuant to the Offer.
Allottee	A successful Bidder to whom the Equity Shares are Allotted.
Allotment Advice	The 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.
Anchor Escrow Account	Account opened with the Escrow Bank for the Offer and in whose favour the Anchor Investors will transfer money through direct credit or NEFT or RTGS in respect of the Bid Amount when submitting a Bid.
Anchor Investor	A QIB who applies under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations. For further details, see "*Offer Procedure*" on page 592.
Anchor Investor Bidding Date	The date one Working Day prior to the Bid/Offer Opening Date on which Bids by Anchor Investors shall be submitted and allocation to the Anchor Investors shall be completed.
Anchor Investor Offer Price	The final price at which the Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be a price equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLM.
Anchor Investor Portion	Up to 60% of the QIB Category, which may be allocated by our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLM, to Anchor Investors, on a discretionary basis, in accordance with SEBI ICDR Regulations. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is made to Anchor Investors.

Term	Description
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) by a Bidder (other than Anchor Investors) to make a Bid authorizing the relevant SCSB to block the Bid Amount in the relevant ASBA Account.
ASBA Account	A bank account maintained with an SCSB and specified in the Bid cum Application Form which will be blocked by such SCSB to the extent of the appropriate Bid Amount in relation to a Bid by a Bidder (other than a Bid by an Anchor Investor).
ASBA Form	An application form, whether physical or electronic, used by Bidders bidding through the ASBA process, which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus.
Banker(s) to the Offer	Escrow Bank(s), Refund Banks(s) and Public Offer Account Bank(s).
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Bidders under the Offer, described in "*Offer Procedure*" on page 592.
Bid	An indication to make an offer during the Bid/Offer Period by a Bidder (other than an Anchor Investor), or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to submission of a Bid cum Application Form, to purchase our Equity Shares at a price within the Price Band, including all revisions and modifications thereto, to the extent permissible under the SEBI ICDR Regulations, in terms of the Red Herring Prospectus and the Bid cum Application Form. The term 'Bidding' shall be construed accordingly.
Bid Amount	The highest value of the optional Bids as indicated in the Bid cum Application Form and payable by the Bidder or as blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid in the Offer, discount, if any.
Bid cum Application Form	The form in terms of which the Bidder shall make a Bid, including an ASBA Form, and which shall be considered as the application for the Allotment pursuant to the terms of the Red Herring Prospectus and the Prospectus.
Bid Lot	[•] Equity Shares.
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/Offer Closing Date	Except in relation to Anchor Investors, the date after which the Designated Intermediaries shall not accept any Bids for the Offer, which shall be published in [•] editions of [•] (a widely circulated English national daily newspaper), [•] editions of [•] (a widely circulated Hindi national daily newspaper) and [•] editions of [•] (a widely circulated Marathi newspaper, Marathi being the regional language of Maharashtra, where our Registered Office is located**)** and in case of any revisions, the extended Bid/Offer Closing Date shall also be notified on the websites and terminals of the Syndicate Members, as required under the SEBI ICDR Regulations. Our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLM, may decide to close the Bid/ Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date, subject to the conditions imposed by the SEBI ICDR Regulations.
Bid/Offer Opening Date	Except in relation to Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids for the Offer, which shall be published in [•] editions of [•] (a widely circulated English national daily newspaper), [•] editions of [•] (a widely circulated Hindi national daily newspaper) and [•] editions of [•] (a widely circulated Marathi newspaper**,** Marathi being the regional language of Maharashtra 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 (excluding Anchor Investors) can submit their Bids, including any revisions thereof in accordance with the SEBI ICDR Regulations and the terms of the Red Herring Prospectus.
Bidding Centres	Centres at which the Designated Intermediaries shall accept the Bid cum Application Forms, being the Designated Branch for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated CRTA Locations for CRTAs and Designated CDP Locations for CDPs.
Book Building Process	The book building process as described in Part A of Schedule XI of the SEBI ICDR Regulations, in terms of which the Offer Price shall be determined and the Offer is being made.

Term	Description
Book Running Lead Manager or BRLM	IIFL Holdings Limited
Broker Centres	Broker centres of the Registered Brokers, where Bidders (other than Anchor Investors) can submit the Bid cum Application Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges.
CAN / Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bidding Date.
Cap Price	The higher end of the Price Band i.e. ₹ [•] above which the Offer Price and Anchor Investor Offer Price will not be finalized and above which no Bids will be accepted, including any revisions thereof.
Client ID	Client identification number maintained with one of the Depositories in relation to a demat account.
Collecting Depository Participants/CDPs	A depository participant, as defined under the Depositories Act, 1996 and registered under Section 12 (1A) of the SEBI Act and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Collecting Registrar and Share Transfer Agents or CRTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Credit Suisse	Credit Suisse Securities (India) Private Limited
Cut-off Price	The Offer Price, finalized by our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLM, which may be any price within the Price Band. Only Retail Individual Investors and Eligible Employees Bidding in the Employee Reservation Portion are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Investors are not entitled to Bid at the Cut-off Price.
Demographic Details	The details of the Bidders including the Bidders' address, names of the Bidders' father/husband, investor status, occupation and bank account details.
Designated Branches	Such branches of the SCSBs which shall collect the Bid cum Application Form used by Bidders (other than Anchor Investors), a list of which is available at the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes) and updated from time to time.
Designated CDP Locations	Such centres of the Collecting Depository Participants where Bidders (except Anchor Investors) can submit the Bid cum Application Forms. The details of such Designated CDP Locations, along with the names and contact details of the CDPs are available on the respective websites of the Stock Exchanges and updated from time to time.
Designated Date	The date on which the funds from the Anchor Escrow Accounts are transferred to the Public Offer Account or the Refund Account(s), as appropriate, and the amounts blocked by the SCSBs are transferred from the ASBA Accounts, to the Public Offer Account or Refund Account, as applicable, in terms of the Red Herring Prospectus, after the Prospectus is filed with the RoC.
Designated Intermediaries	Collectively, the members of the Syndicate, sub-syndicate/agents, SCSBs, Registered Brokers, CDPs and CRTAs, who are authorized to collect Bid cum Application Forms from the Bidders (other than Anchor Investors), in relation to the Offer.
Designated CRTA Locations	Such centres of the CRTAs where Bidders (except Anchor Investors) can submit the Bid cum Application Forms. The details of such Designated RTA Locations, along with the names and contact details of the CRTAs are available on the respective websites of the Stock Exchanges (www.nseindia.com and www.bseindia.com) and updated from time to time.
Designated Stock Exchange	[•]
Draft Red Herring Prospectus/DRHP	This draft red herring prospectus dated March 28, 2018, issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which our Equity Shares will be Allotted and the size of the Offer, including any addenda or corrigenda thereto.
Eligible Employee	A permanent and full-time employee of our Company and our Indian subsidiaries, (excluding such employees not eligible to invest in the Offer under applicable laws, rules, regulations and guidelines) as of the date of filing of the Red Herring Prospectus with the RoC and who continues to be an employee of our Company and our Indian

Term	Description
	subsidiaries until the submission of the Bid cum Application Form, and is based, working and present in India as on the date of submission of the Bid cum Application Form and a director of our Company and our Indian subsidiaries, whether a whole time director, part time director or otherwise, (excluding such directors not eligible to invest in the Offer under applicable laws, rules, regulations and guidelines) as of the date of filing the Red Herring Prospectus with the RoC and who continues to be a director of our Company and our Indian subsidiaries, as applicable until the submission of the Bid cum Application Form and is based and present in India as on the date of submission of the Bid cum Application Form. An employee, who is recruited against a regular vacancy but is on probation as on the date of submission of the Bid cum Application Form will also be deemed a 'permanent and a full-time employee'. Unless the Employee Reservation Portion is undersubscribed, the value of allocation to an Eligible Employee shall not exceed ₹ 200,000. In the event of undersubscription in the Employee Reservation Portion, the unsubscribed portion may be allocated, on a proportionate basis, to Eligible Employees for value exceeding ₹ 200,000 up to ₹ 500,000. Any unsubscribed portion remaining in the Employee Reservation Portion shall be added to the Net Offer to the public.
Eligible NRI	A non-resident Indian, resident in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Red Herring Prospectus constitutes an invitation to purchase the Equity Shares
Employee Discount	A discount of [•]% (equivalent to ₹ [•]) on the offer price to Eligible Employees
Employee Reservation Portion	The portion of the Offer, being up to 100,000 Equity Shares, aggregating up to ₹[•] million, available for allocation to Eligible Employees, on a proportionate basis.
Escrow Agreement	Agreement to be entered into among our Company, the Selling Shareholders, the Registrar to the Offer, the GCBRLMs and the BRLM, the Escrow Bank, Public Offer Account Bank and Refund Bank for collection of the Bid Amounts and where applicable remitting refunds, if any, on the terms and conditions thereof.
Escrow Bank	A bank, which is a clearing member and registered with SEBI as a banker to an offer and with whom the Anchor Escrow Account has been opened, in this case being [•].
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name appears as the first holder of the beneficiary account held in joint names.
Floor Price	The lower end of the Price Band, and any revisions thereof, at or above which the Offer Price and the Anchor Investor Offer Price will be finalized and below which no Bids will be accepted and which shall not be less than the face value of the Equity Shares.
General Information Document	The General Information Document for investing in public issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013, notified by SEBI and updated pursuant to the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 and (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016 notified by SEBI and included in "*Offer Procedure*" on page 592.
Global Co-ordinators and Book Running Lead Managers or GCBRLMs	Kotak Mahindra Capital Company Limited, Citigroup Global Markets India Private Limited and Credit Suisse Securities (India) Private Limited
IIFL	IIFL Holdings Limited
Kotak	Kotak Mahindra Capital Company Limited.
Maximum RII Allottees	The maximum number of RIIs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot.
Minimum Promoter's Contribution	Aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by our Promoter that shall be locked-in for a period of three years from the date of Allotment.
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

Term	Description
Mutual Fund Portion	5% of the QIB Category (excluding the Anchor Investor Portion) or [•] Equity Shares which shall be available for allocation to Mutual Funds only, on a proportionate basis, subject to valid Bids being received at or above the Offer Price.
Non-Institutional Category	The portion of the Offer, being not less than 15% of the Net Offer or [•] Equity Shares, available for allocation on a proportionate basis to Non-Institutional Investors, subject to valid Bids being received at or above the Offer Price.
Non-Institutional Investors/NIIs	All Bidders, including Category III FPIs that are not QIBs (including Anchor Investors) or Retail Individual Investors, or Eligible Employees Bidding in the Employee Reservation Portion, who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs).
Offer/Offer for Sale	Public offer of up to 18,536,600 Equity Shares of face value ₹ 1 each for cash at a price of ₹ [•] each by the Selling Shareholders in terms of the Red Herring Prospectus and the Prospectus. The Offer, aggregating up to ₹ [•] million, comprises a Net Offer to the public of up to 18,436,600 Equity Shares and an Employee Reservation Portion of up to 100,000 Equity Shares for subscription by Eligible Employees. The Offer and the Net Offer shall constitute 13.75% and 13.68% of the post-Offer paid up Equity Share capital of our Company, respectively.
Offer Agreement	The agreement dated March 28, 2018 entered into among our Company, the Selling Shareholders, the GCBRLMs and the BRLM, pursuant to which certain arrangements are agreed to in relation to the Offer.
Offer Price	The final price at which Equity Shares will be Allotted to the successful Bidders (except Anchor Investors), as determined in accordance with the Book Building Process and determined by our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLM, in terms of the Red Herring Prospectus on the Pricing Date, less Discount, if any.
Offered Shares	Equity Shares held by the Selling Shareholders and offered for sale in the Offer.
Price Band	Price band of the Floor Price of ₹[•] and a Cap Price of ₹ [•], including any revisions thereof. The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLM, and advertised in [•] editions of [•] (a widely circulated English national daily newspaper), [•] editions of [•] (a widely circulated Hindi national daily newspaper) and [•] editions of [•] (a widely circulated Marathi newspaper, Marathi being the regional language of Maharashtra where our Registered Office is located**)** at least five Working Days prior to the Bid/Offer Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price and shall be made available to the Stock Exchanges for the purpose of uploading on their websites.
Pricing Date	The date on which our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLM, shall finalize the Offer Price.
Prospectus	The Prospectus to be filed with the RoC in relation to this Offer, on or after the Pricing Date in accordance with the provisions of Section 26 of the Companies Act, 2013 and the SEBI ICDR Regulations, containing the Offer Price, the size of the Offer and certain other information, including any addenda or corrigenda thereto.
Public Offer Account	The account(s) to be opened with the Banker(s) to the Offer under Section 40(3) of the Companies Act, 2013 to receive monies from the Anchor Escrow Account(s) and the ASBA Accounts on the Designated Date.
Public Offer Account Bank	The banks with whom the Public Offer Account is opened for collection of Bid Amounts from Anchor Escrow Account and ASBA Account on the Designated Date.
QIB Category	The portion of the Offer, being not more than 50% of the Net Offer or [•] Equity Shares to be Allotted to QIBs on a proportionate basis, including the Anchor Investor Portion (in which allocation shall be on a discretionary basis, as determined by our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLM).
Qualified Institutional Buyers or QIBs	A qualified institutional buyer as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations.
Red Herring Prospectus or RHP	The red herring prospectus to be issued in accordance with Section 32 of the Companies Act, 2013 and the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares shall be Allotted and which shall be filed with the RoC at least three Working Days before the Bid/Offer Opening Date and will become the Prospectus after filing with the RoC after the Pricing Date, including any addenda or corrigenda thereto.

Term	Description
Refund Account(s)	Account(s) opened with the Refund Bank from which refunds, if any, of the whole or part of the Bid Amount shall be made to Anchor Investors.
Refund Bank(s)	The bank(s) with whom the Refund Account(s) will be opened, in this case being [•].
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals, other than the members of the Syndicate and eligible to procure Bids in terms of circular number CIR/CFD/14/2012 dated October 14, 2012, issued by SEBI.
Registrar Agreement	The agreement dated March 9, 2018 entered into among 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 to the Offer	Link Intime India Private Limited
Retail Category	The portion of the Offer, being not less than 35% of the Net Offer or [•] Equity Shares, available for allocation to Retail Individual Investors, which shall not be less than the minimum Bid lot, subject to availability in the Retail Category.
Retail Individual Investors/ RIIs	Bidders other than Eligible Employees Bidding in the Employee Reservation Portion, whose Bid Amount for Equity Shares in the Offer is not more than ₹ 200,000 in any of the bidding options in the Offer (including HUFs applying through their Karta and Eligible NRIs and does not include NRIs other than Eligible NRIs).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s), as applicable. QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage.
Self Certified Syndicate Banks or SCSBs	The banks registered with the SEBI which offer the facility of ASBA and the list of which is available on the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34) and updated from time to time and at such other websites as may be prescribed by SEBI from time to time.
Share Escrow Agent	The share escrow agent appointed pursuant to the Share Escrow Agreement, namely [•].
Share Escrow Agreement	The agreement to be entered into among the Selling Shareholders, our Company and a share escrow agent in connection with the transfer of the respective portion of Equity Shares offered by each Selling Shareholder and credit of such Equity Shares to the demat account of the Allottees.
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application Forms, a list of which is included in the Bid cum Application Form.
Stock Exchanges	Collectively, BSE Limited and National Stock Exchange of India Limited.
Syndicate Agreement	The agreement to be entered into among the members of the Syndicate, our Company, the Selling Shareholders and the Registrar to the Offer in relation to the collection of Bid cum Application Forms by the Syndicate (other than Bids directly submitted to the SCSBs under the ASBA process and Bids submitted to the Registered Brokers at the Broker Centers).
Syndicate Members	Intermediaries registered with the SEBI and permitted to carry out activities as an underwriter, in this case being [•].
Syndicate or members of the Syndicate	Collectively, the GCBRLMs, the BRLM and the Syndicate Members.
Systematically Important Non-Banking Financial Company	A non-banking financial company registered with the Reserve Bank of India and having a net-worth of more than ₹ 5,000 million as per the last audited financial statements.
Underwriters	[•].
Underwriting Agreement	The agreement to be entered among our Company, the Selling Shareholders and the Underwriters, to be entered into on or after the Pricing Date.
Working Day(s)	Any day, other than the second and fourth Saturdays of each calendar month, Sundays and public holidays, 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 any day, excluding all Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and with reference to the time period between the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, “Working Day” shall mean all trading days of

Term	Description
	the Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016.

Conventional and general terms and abbreviations

Term	Description
AIF(s)	Alternative Investment Funds.
Ind AS 24	Indian Accounting Standard 24 issued by the Institute of Chartered Accountants of India.
BSE	BSE Limited.
Book value per equity share	Networth divided by number of equity shares.
Compounded Annual Growth Rate / CAGR	(Ending value/ beginning value)^(1/number of periods)-1.
Category III FPIs	FPIs who are registered as "Category III Foreign Portfolio Investors" under the SEBI FPI Regulations.
CDSL	Central Depository Services (India) Limited.
CIN	Corporate Identity Number.
Companies Act	Companies Act, 1956 and the Companies Act, 2013.
Companies Act, 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections) read with the rules, regulations, clarifications and modifications thereunder.
Companies Act, 2013	Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections, read with the rules, regulations, clarifications and modifications thereunder, as the context requires.
Competition Act	Competition Act, 2002.
Consolidated FDI Policy	The consolidated FDI Policy, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time.
CSR	Corporate Social Responsibility.
Net debt to equity ratio	Total liabilities reduced by cash and current investments divided by share capital and reserves.
Depository	A depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.
Depositories Act	The Depositories Act, 1996.
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GoI.
DP ID	Depository Participant's identity number.
EBITDA	Profit before exceptional items, share of net profits of investments accounted for using equity method and tax plus interest plus depreciation and amortisation.
EPA	Environment Protection Act, 1986.
EPF Act	Employees' Provident Fund and Miscellaneous Provisions Act, 1952.
EPS	Earnings per share.
ESI Act	Employees' State Insurance Act, 1948.
ESIC	Employees' State Insurance Corporation.
FCNR Account	Foreign Currency Non-Resident (Bank) account established in accordance with the FEMA.
FDI	Foreign direct investment.
FEMA	The Foreign Exchange Management Act, 1999 read with rules and regulations thereunder.
Financial Year/Fiscal/ Fiscal Year/FY	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year.
FPIs	Foreign Portfolio Investors, as defined under SEBI FPI Regulations.
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI.

Term	Description
GAAR	General Anti-Avoidance Rules.
GDP	Gross Domestic Product.
GoI	The Government of India.
GST	Goods and services tax.
HUF(s)	Hindu Undivided Family(ies).
IAS Rules	Companies (Indian Accounting Standards) Rules, 2015.
ICAI	Institute of Chartered Accountants of India.
ICDS	Income Computation and Disclosure Standards.
IFRS	International Financial Reporting Standards of the International Accounting Standards Board.
IFSC	Indian Financial System Code.
Income Tax Act	Income Tax Act, 1961.
Ind AS	The Indian Accounting Standards referred to in the Companies (Indian Accounting Standard) Rules, 2015, as amended.
Indian GAAP / IGAAP	Generally Accepted Accounting Principles in India.
INR or Rupee or ₹ or Rs.	Indian Rupee, the official currency of the Republic of India.
IT	Information Technology.
KYC	Know Your Customer
LIBOR	London Interbank Offered Rate
MCA	The Ministry of Corporate Affairs, GoI.
MCLR	Marginal Cost of funds based Lending Rates
MICR	Magnetic Ink Character recognition
Mn	Million.
Net Asset Value / NAV	Net worth at the end of period/ year
Net Worth	Equity share capital plus preference share capital and reserves and surplus.
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
Notified Sections	The sections of the Companies Act, 2013 that have been notified by the MCA and are currently in effect.
NR/ Non-resident	A person resident outside India, as defined under the FEMA and includes an NRI.
NRI	Non-Resident Indian as defined under the FEMA Regulations.
NSDL	National Securities Depository Limited.
NSE	The National Stock Exchange of India Limited.
P/E Ratio	Price/Earnings Ratio.
PAN	Permanent account number.
PAT	Profit after tax.
PCS	Practising Company Secretary.
Payment of Bonus Act	Payment of Bonus Act, 1965.
Payment of Gratuity Act	Payment of Gratuity Act, 1972.
RBI	The Reserve Bank of India.
Regulation S	Regulation S under the U.S. Securities Act.
Return on Equity / ROE	(PAT plus notional interest on CCPS) divided by (average of opening and closing value of (equity plus reserves plus debt portion of CCPS)).
Return on Capital Employed / ROCE	(Profit before tax plus exceptional items plus interest) divided by (average of opening and closing value of (non current borrowings plus short term borrowings plus current portion of non-current borrowings minus cash minus current investment plus equity))
Rule 144A	Rule 144A under the U.S. Securities Act.
SCRA	Securities Contract (Regulation) Act, 1956.
SCRR	The Securities Contracts (Regulation) Rules, 1957.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	The Securities and Exchange Board of India Act, 1992.
SEBI AIF Regulations	The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.

Term	Description
SEBI FVCI Regulations	The Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000.
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
SEBI Ind AS Transition Circular	The SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016.
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
STT	Securities Transaction Tax.
Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
Trademarks Act	Trademarks Act, 1999.
Total Indebtedness	Cumulative of current borrowings, non-current borrowings and current maturities of non-current borrowings.
US$/ USD/ US Dollar	United States Dollar, the official currency of the United States of America.
USA/ U.S./ US	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.
U.S. GAAP	Generally Accepted Accounting Principles in the United State of America.
U.S. Securities Act	U.S. Securities Act of 1933.
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.

Business / Industry Related Terms

Defined Term	Description
ABS	antilock braking system
ADAS	advanced driver assistance system
AFLS / AFS	Advanced Front Lighting Systems
AMT	Automated Manual Transmission
ASP	average selling price
BEV	battery electric vehicles
CAD	computer-aided design
CAE	computer-aided engineering
CAGR	compound annual growth rate
CAM	computer-aided manufacturing
CBS	combined braking system
CDI	capacitor discharge ignition
CHMSLs	center high mount stop lamps
CNG	compressed natural gas
CPI	consumer price index
DMD	digital micromirror device
DRL	daytime running lamps
DSIR	Department of Scientific and Industrial Research
EBITDA	earnings before interest, taxes, depreciation and amortization
ECU	electronic control units
EFI	electronic fuel injection
EOHS	Environment, occupational health and safety
EV	electric vehicles
FMEA	failure modes and effects analysis
GST	Goods Services Tax
GV	goods vehicle
GVA	gross value added
HEV	hybrid electric vehicle

Defined Term	Description
ICE	internal combustion engine
IMD	Indian Meteorological Department
KPIs	Key Performance Indicators
LCV	light commercial vehicle
LED	light-emitting diode
LIDAR	Light detection and ranging
MEMS	Micro-Electro-Mechanical Systems
MSPs	minimum support prices
NBFCs	non-banking financial companies
OEMs	original equipment manufacturers
OHV	off highway vehicle
OLED	organic light-emitting diode
PC	passenger cars
PV	passenger vehicle
PHEV	plug-in hybrid electric vehicles
R&D	research and development
RR	regulator and rectifier
SCVs	small commercial vehicles
SMT	Semi-automated Manual Transmission
TPM	total preventive maintenance
VES	Varroc Excellence System
VDS	Varroc Development System
VQS	Varroc Quality System

The words and expressions used but not defined in this Draft Red Herring Prospectus will have the same meaning as assigned to such terms under the Companies Act, 1956, as superseded and substituted by notified provisions of the Companies Act, 2013, the SEBI Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act and the rules and regulations made thereunder.

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

Certain Conventions

All references in this Draft Red Herring Prospectus to "India" are to the Republic of India and its territories and possessions 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 government, as applicable.

All references herein to the following "US", the "U.S." or the "United States" are to the United States of America and all references to "Germany", "Italy", "Mexico" "Czech Republic", "Mexico" and "Morocco" are to the Federal Republic of Germany, the Italian Republic, United Mexican State, Czech Republic and Kingdom of Morocco respectively.

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

Financial Data

The GoI has adopted the Indian Accounting Standards ("**Ind AS**") which are converged with the International Financial Reporting Standards of the International Accounting Standards Board ("**IFRS**") under the Companies (Indian Accounting Standards) Rules, 2015, as amended till date (the "**IAS Rules**").

In terms of:

(i) the IAS Rules, our Company is required to prepare its statutory financial statements under the Companies Act, 2013 in accordance with Ind AS for periods beginning on or after April 1, 2016, and

(ii) the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016 (the "**SEBI Ind AS Transition Circular**"), for the purposes of disclosure in this Draft Red Herring Prospectus, our Company is required to prepare and present its restated standalone and consolidated financial information for the latest three Fiscals (in this case, for Fiscals 2017, 2016 and 2015 and nine-month period ended December 31, 2017) in accordance with Ind AS as the base and the Companies Act, 2013 and then restated in accordance with SEBI ICDR Regulations and present its restated standalone and consolidated financial information for the earliest two Fiscals (in this case, Fiscals 2014 and 2013) in accordance with the previously applicable generally accepted accounting principles followed in India ("Indian GAAP") as the base and the Companies Act, 2013 and then restated in accordance with SEBI ICDR Regulations.

While for statutory reporting purposes, we have adopted Ind AS from April 1, 2016 onwards with a transition date of April 1, 2015, we have prepared our Restated Standalone Financial Information and the Restated Consolidated Financial Information for: (a) Fiscals 2017, 2016 and 2015 and nine-month period ended December 31, 2017 in accordance with Ind AS as the base and the Companies Act, 2013 and then restated in accordance with SEBI ICDR Regulations; and (b) Fiscals 2014 and 2013 in accordance with Indian GAAP as the base and the Companies Act, 2013 and then restated in accordance with SEBI ICDR Regulations. The Restated Financial Information have been presented in accordance with the SEBI Ind AS Transition Circular, the Companies Act, 2013 and restated in accordance with the SEBI ICDR Regulations.

However, India has adopted the accounting standards converged or synchronized with IFRS, and not IFRS. Ind AS, therefore, differs in certain significant respects from IFRS and other accounting principles and standards with which investors may be more familiar. We have not made any attempt to quantify the impact of IFRS on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of IFRS. If we were to prepare our financial statements in accordance with such other accounting principles, our results of operations, financial condition and cash flows may be substantially different. The significant accounting policies applied in the preparation of our Restated Financial Information are set forth in the section "*Financial Statements*" included in this Draft Red Herring Prospectus. Prospective investors should review the Indian GAAP and Ind AS accounting policies applied in the preparation of our restated financial information summarized in the section "*Financial Statements*" on page 263 and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar.

Unless indicated otherwise, the financial information in this Draft Red Herring Prospectus is derived from our Restated Financial Information.

Our Company's financial year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year, so all references to a particular financial year or fiscal are to the 12 months period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year.

Unless indicated otherwise, all references to a year in this Draft Red Herring Prospectus are to a calendar year.

Certain figures contained in this Draft Red Herring Prospectus, including financial information, have been subject to rounding adjustments. All decimals have been rounded off to two decimal points. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. 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.

Unless the context otherwise indicates, any percentage amounts, as set forth in the sections "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Conditional and Results of Operations*" on pages 19, 180 and 529, respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of our Restated Financial Information unless otherwise stated.

Industry and market data

Unless stated otherwise, industry and market data used throughout this Draft Red Herring Prospectus has been obtained from publicly available information, various government publications and industry sources, such as a reports titled "*Report on specific auto components for Indian two and three-wheeler industry*" (the "**CRISIL Report**") that has been prepared by CRISIL Research and "*Industry Report on Automotive Lighting: Market, Industry and Technologies*" (the "**Yole Report**") that has been prepared by Yole Développement. Industry publications generally state that the information contained in such publications has been obtained from sources generally believed to be reliable, but their accuracy, adequacy, completeness or underlying assumptions are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be made based on such information. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.

Although we believe that the industry and market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified by us, the Selling Shareholders, the GCBRLMs and the BRLM, or any of our or their respective affiliates or advisors, and none of these parties makes any representation as to the accuracy of this information. The data used in these sources may have been reclassified by us for the purposes of presentation and may also not be comparable. Industry sources and publications may also base their information on estimates and assumptions that may prove to be incorrect. The extent to which the industry and market data presented in this Draft Red Herring Prospectus is meaningful depends upon the reader's familiarity with, and understanding of, the methodologies used in compiling such information. There are no standard data gathering methodologies in the industry in which our Company conducts business and methodologies and assumptions may vary widely among different market and industry sources. Such information involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors—We are not able to guarantee the accuracy of third party information.*" on page 44.

CRISIL Research has issued the following disclaimer for inclusion of the information in the CRISIL Report in this Draft Red Herring Prospectus:

"CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is

to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Varroc Engineering Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval."

Currency and Units of Presentation

All references to "**Rupees**" or "**₹**" or "**Rs.**" are to Indian Rupees, the official currency of the Republic of India. All references to "**U.S.$**", "**U.S. Dollar**", "**USD**" or "**U.S. Dollars**", "**MXN**", "**EUR**", "**JPY**", "**LEY**", "**CZK**", "**VND**", "**Dirham**", "**RMB**", "**BRL**" **and** "**PLN**" are references to the official currencies of the respective countries.

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

Exchange Rates

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

The exchange rates of the various currencies into Indian Rupees for the dates indicated are provided below.

(in ₹)

Currency	Exchange rate as on December 31, 2017	Exchange rate as on March 31, 2017	Exchange rate as on March 31, 2016	Exchange rate as on March 31, 2015
1 USD	63.93	64.84	66.33	62.59
1 EUR	76.39	69.24	75.09	67.51
1 JPY	0.56	0.58	0.58	0.58
1 LEY	16.35	15.22	15.16	18.55
1 VND	0.002	0.002	0.002	0.002
1 CZK	2.99	2.55	2.78	2.42
1 Dirham	6.82	6.45	6.87	6.25
1 MXN	3.23	3.46	3.84	4.08
1 BRL	19.27	20.75	18.46	19.43
1 PLN	18.33	16.31	17.78	16.42
1 RMB	9.81	9.40	10.25	10.04

Source: RBI Reference Rate, http://www.xe.com/

Note:

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

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain statements which are not statements of historical fact 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", "could", "expect", "estimate", "intend", "may", "likely", "objective", "plan", "propose", "will continue", "seek to", "will achieve", "will likely", "will pursue" or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company 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 and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. This may be due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which we have our businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India, which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes, changes in competition in our industry and incidence of any natural calamities and/or acts of violence. Important factors that would cause actual results to differ materially include, including, but not limited to the following:

1. pricing pressures that may adversely affect our margins;
2. dependence on key customers;
3. exposure to counterparty credit risk;
4. dependence on the performance of the global passenger vehicle market and the two wheeler and three wheeler markets in India;
5. failure to identify and understand evolving industry trends and preferences
6. failure to develop new products to meet our customers' demands;
7. environmental and safety regulations that may adversely affect our business;
8. failure in implementing our strategies, such as expanding our business in China, South America, Southern Europe and Northern Africa, and East Asia or capitalizing on technological trends in the automotive industry;
9. strategic investments and alliances, acquisitions and mergers in the future, which may be difficult to integrate and manage;
10. our inability to obtain additional financing to meet our capital expenditure and working capital requirements;
11. failure to sustain or manage our growth;
12. failure to compete effectively in the highly competitive automotive components industry;
13. risks associated with our international operations;
14. dependence on third parties for the supply of raw materials and delivery of products and such providers could fail to meet their obligations;
15. dependence on third parties for the supply of raw materials and delivery of products; and
16. our inability to protect our patents.

For a further discussion of factors that could cause our actual results to differ, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 19, 180 and 529, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could be materially be different from those that have been estimated. Forward-looking statements reflect our current views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on our management's belief and assumptions, which in turn are based on currently available information. Although we believe that the assumptions on which such statements are based are reasonable, any such assumptions as well as statements based on them could prove to be inaccurate.

Neither our Promoter, Company, nor the Directors, nor the Selling Shareholders, GC-BRLMs, BRLM nor the Syndicate, nor any of their respective affiliates or associates 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 applicable regulatory requirements, our Company, the Selling Shareholders (to the extent it relates to any statement made by such Selling Shareholders in this Draft Red Herring Prospectus and to the extent it specifically pertains to such Selling Shareholder and the respective portion of the Equity Shares offered by them in the Offer for Sale) and the GCBRLMs and the BRLM will ensure that investors in India are informed of material developments until the receipt of final listing and trading approvals for the Equity Shares Allotted pursuant to the Offer.

SECTION II — RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks and uncertainties described in this section are not the only risks that we currently face. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risks where the effect is not quantifiable and hence has not been disclosed in the applicable risk factors. Prospective investors should read this section together with "Our Business", "Industry Overview" and "Management's Discussions and Analysis of Financial Condition and Results of Operations" on pages 180, 129 and 529 of this Draft Red Herring Prospectus, respectively, as well as the other financial and statistical information contained in this Draft Red Herring Prospectus. In making an investment decision, prospective investors should 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 advisors about the particular consequences to you of an investment in our Equity Shares. This Draft Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties where actual results could materially differ from those anticipated in these forward-looking statements. Please see "Forward-Looking Statements" on page 17 of this Draft Red Herring Prospectus.

Unless otherwise stated, the financial information used in this section is derived from our restated consolidated financial information.

Internal Risk Factors

1. ***Pricing pressure from customers may adversely 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.***

   Pricing pressure from Original Equipment Manufacturers ("**OEMs**") is characteristic of the industry in which we operate. Virtually all automakers pursue aggressive but systematic price reduction initiatives and objectives each year with their suppliers, and such actions are expected to continue in the near future. Pursuing cost-cutting measures while maintaining rigorous quality standards may lead to an erosion of our margins, which may have a material adverse effect on our business, results of operations and financial condition.

   In addition, estimating amounts of such price reductions is subject to risk and uncertainties, as any price reduction is the result of negotiations and other factors. Accordingly, suppliers must be able to reduce their operating costs in order to maintain profitability. Such price reductions may affect our sales and profit margins. 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.

   Additionally, our business is very capital intensive, requiring us to maintain a large fixed cost base. Therefore, our profitability is dependent, in part, on our ability to spread fixed costs over higher sales volume. However, our customers generally negotiate for larger discounts in price as the volume of their orders increase. In addition, substantially all of our products are customised 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. If we are unable to generate sufficient production cost savings in the future to offset price reductions or if there is any reduction in consumer demand for vehicles, which will result in decreased sales, our gross margin and profitability may be materially adversely affected.

2. ***Our business is dependent on certain major customers, with whom we do not have firm commitment agreements. The loss of such customers, a significant reduction in purchases by such customers, or a lack of commercial success of a particular vehicle model of which we are a significant supplier could adversely affect our business, results of operations and financial condition.***

We are dependent on certain major customers, especially Bajaj, Honda and India Yamaha in India and Ford, Jaguar Land Rover, Fiat Chrysler Automobiles ("**FCA**"), Groupe PSA, an American electric car manufacturer and a European multinational car manufacturer for our VLS business. Sales to these major customers in India (based on the total invoiced amounts) represented 23.3%, 26.8%, 22.5% and 25.8% of our total invoicing for FY2015, FY2016, FY2017 and 9M FY2018, respectively, and sales to our top six customers for VLS represented 46.2%, 46.8%, 53.7% and 49.0 % of our total invoicing for FY2015, FY2016, FY2017 and 9M FY2018, respectively.

Further, it is common for large OEMs to source their parts from a relatively small numbers of vendors, and as a result, our customers often undertake vendor rationalisation to reduce costs related to procurement from multiple vendors. Since we are significantly dependent on certain key customers for a significant portion of our sales, the loss of any one of our key customers, a significant reduction in demand from such customers or the downturn in business by such customers could have an adverse effect on our business, results of operations and financial condition. Moreover, if our key customers do not successfully enter into new high-growth segments, we may be prevented from capitalising on new growth opportunities.

We do not have firm commitment long-term supply agreements with our customers and instead rely on purchase orders for our Indian operations and framework agreements for our international operations to govern the volume and other terms of our sales of products. Many of the purchase orders we receive from our customers specify a price per unit and delivery schedule, and the quantities to be delivered are determined closer to the date of delivery. However, such orders may be amended or cancelled prior to finalisation, and should such an amendment or cancellation take place, it may adversely impact our production schedules or inventory levels. Further, where we have framework agreements with customers, such agreements do not bind our customers to provide us with a certain volume of business and can be terminated by our customers with or without cause, with little or no advance notice and without compensation. Consequently, there is no commitment on the part of the customer to continue to place new purchase 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. Further, we may not find any customers or purchasers for the surplus or excess capacity, in which case we would be forced to incur a loss.

Additionally, although we have purchase orders from many of our automotive customers, these purchase orders generally provide for the supply of a customer's requirements, which may range from one month to one year, for a particular vehicle model and assembly plant and are renewable for the same time periods, rather than for the purchase of a specific quantity of products. Therefore, the discontinuation of, loss of business with respect to, or lack of commercial success of, a particular vehicle model, for which we are a significant supplier, could reduce our sales and affect our estimates of anticipated sales, which could have an adverse effect on our business and results of operations.

3. ***We are exposed to counterparty credit risk of our clients 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 clients, we are subject to counterparty credit risk and any delay in receiving payments or non-receipt of payments may adversely impact our results of operations. There is no assurance that we will accurately assess the creditworthiness of our customers. Macroeconomic conditions, such as a potential credit crisis in the global financial system, could also result in financial difficulties for our customers, including limited access to the credit markets, 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. Timely collection of dues from customers also depends on our ability to complete our contractual commitments and subsequently bill for and collect from our clients. If we are unable to meet our contractual obligations, we might experience delays in the collection of, or be unable to collect, our customer balances, and if this occurs, our results of operations and cash flows could be adversely affected. In addition, if we experience delays in billing and collection for our services, our cash flows could be adversely affected.

4. ***We are heavily dependent on the performance of the global passenger vehicle market and the two wheeler and three wheeler markets in India. Any adverse changes in the conditions affecting these markets can adversely impact our business, results of operations and financial condition.***

Our business is heavily dependent on the performance of the passenger vehicle market globally and the two wheeler and three wheeler markets in India. We are therefore exposed to fluctuations in the performance of these markets. In the event of a decrease in demand in these markets or any developments that make the sale of components in these markets less economically beneficial, we may experience more pronounced effects on our business, results of operations and financial condition than if we had further diversified our portfolio across different segments of the automotive components market.

The automotive market is affected by, amongst other things, changes in government policies, economic conditions, demographic trends, employment and income levels and interest rates, which may negatively affect the demand for and the valuation of our products. These and other factors may negatively contribute to changes in the prices of and demand for our products and may materially adversely affect our business, results of operations and financial condition.

On June 23, 2016, the UK voted to leave the European Union ("**Brexit**") by way of referendum. We conduct significant business in the UK, as do many of our customers. We cannot predict the impact that Brexit will have on our operations or on our customers, especially in the absence of specific regulations (such as import or export taxes). Any number of these potential challenges may materially adversely affect our business, results of operations, financial condition and prospects.

5. ***Our failure to identify and understand evolving industry trends and preferences and to develop new products to meet our customers' demands may materially adversely affect our business.***

Changes in consumer preferences, regulatory or industry requirements or in competitive technologies may render certain of our products obsolete or less attractive. Our ability to anticipate changes in technology and regulatory standards and to successfully develop and introduce new and enhanced products on a timely basis is a significant factor in our ability to remain competitive. However, there can be no assurance that we will be able to secure the necessary technological knowledge, through technical assistance agreements or otherwise, that will allow us to develop our product portfolio in this manner. If we are unable to obtain such knowledge in a timely manner, or at all, we may be unable to effectively implement our strategies, and our business and results of operations may be adversely affected. Moreover, we cannot assure you that we will be able to achieve the technological advances that may be necessary for us to remain competitive or that certain of our products will not become obsolete. We are also subject to the risks generally associated with new product introductions and applications, including lack of market acceptance, delays in product development and failure of products to operate properly.

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

6. ***We are subject to environmental and safety regulations that may adversely affect our business and we have been subject to environmental notices in respect of certain of our manufacturing facilities and may be subject to further notices in the future.***

According to the locations of our manufacturing plants, we are required to comply with Indian central, state and local laws, as well as the laws of Mexico, the Czech Republic and China, ("**ECE**") regulations in Europe and Society of Automotive Engineers ("**SAE**") regulations and standards in North America that govern the protection of the environment (including noise control), as well as occupational health and safety (including laws regulating the generation, storage, handling, use and transportation of waste materials, the emission and discharge of waste materials into soil, air or water, and the health and safety of employees). We are also required to obtain and comply with environmental permits for certain of our operations. For details on the regulations and policies applicable to our Company, see "*Regulations and Policies in India*" on page 217 of this Draft Red Herring Prospectus. 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. In the past, we have received notices for alleged non-compliances with environmental and safety regulations.

For example, our Company received a letter dated July 21, 2015 from the Maharashtra Pollution Control Board ("**MPCB**") in relation to its manufacturing facility located at Waluj (Plant VII) directing our Company to deposit ₹20 million in an escrow account of the Collector, Aurangabad. This letter was pursuant to an order dated July 15, 2015 ("**NGT Order**") passed by the National Green Tribunal, Western Zone, Pune Bench ("**NGT**") in the case filed by Raghunath Lokhane v/s. MPCB & others, against our Company and other industries located in the Waluj industrial area, wherein our Company was directed to deposit ₹20 million in the escrow account of the Collector of Aurangabad as remedial costs for ground water contamination and soil degradation. MPCB *vide* its letter dated July 22, 2015 ("**MPCB Order**") directed our Company to close down the manufacturing facility at Waluj (Plant VII) on the grounds that, *inter alia*, the water in the vicinity of the units had been contaminated due to accumulation of heavy metals and organic/inorganic compounds and further directed us to deposit ₹20 million in the escrow account as per the NGT Order.

On July 24, 2015, our Company filed a writ petition ("**Writ Petition**") against the State of Maharashtra and MPCB before the High Court of Bombay, Aurangabad bench ("**High Court**") requesting the High Court to, amongst other things, set aside the MPCB Order. On July 28, 2015, the High Court granted a stay on the MPCB Order and the Writ Petition was disposed of by the High Court pursuant to its order dated August 20, 2016. On March 29, 2016, we were added as a party to the case before the NGT. Subsequently, pursuant to an order passed by the NGT dated December 7, 2016, MPCB recalculated the amount to be paid by our Company towards remediation of ground water contamination, *i.e.* ₹200,000 and we have deposited the said amount. Further, the NGT *vide* its order dated January 30, 2018 directed MPCB to refund the excess amount paid by the other industries under the NGT Order. The matter is currently pending and the next hearing is scheduled for April 3, 2018. The manufacturing plant in question is currently fully operational. However, it does not preclude MPCB from issuing a notice for further environmental non-compliance in the future. Future violations of environmental laws and regulations could result in directives to suspend manufacturing activities, to close down plant(s) or to submit to monetary penalties. Any of the above actions may have an adverse effect on our business, results of operations and financial condition. For details, see "*Outstanding Litigation and Other Material Developments*" on page 557 of this Draft Red Herring Prospectus.

Also, in another instance, due to the unsatisfactory response of our Company *vide* its letter dated July 10, 2017 to the show cause notice issued by MPCB to our Company on June 30, 2017, MPCB by way of its letter dated October 10, 2017 directed our Company to close down the manufacturing facility at Waluj (Plant VII), due to alleged violation of the consent to operate by our Company. However, upon submission of a written response and subsequent hearings conducted, the MPCB, by way of its letter dated November 6, 2017, allowed us to resume manufacturing activities at the plant subject to compliance with certain conditions laid down in the letter. Pursuant to the aforesaid order passed by the NGT on December 7, 2016, MPCB vide its letter dated March 3, 2017 directed our Subsidiary, Durovalves India to pay a fine of ₹ 0.20 million as remedial costs for ground water contamination and soil degradation. As on date, Durovalves India has paid the fine in compliance with the MPCB direction.

We cannot assure you that other environmental and safety allegations will not be made in the future. The regulator may also order closure of our unit where it is found to be non-compliant with the applicable norm. In some instances, such a fine or sanction 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 environmental costs or liabilities in the future. We are also subject to laws requiring the clean-up of contaminated property. Under such laws, we could be held liable for costs and damages relating to contamination at our facilities and at third party sites to which these facilities send waste material, which could have an adverse effect on our business and results of operations.

From August 2016 to December 2017, Varroc Lighting Systems, Mexico was in continued negotiations with the Mexican authorities to renew an expired air permit. In August 2016, after several prior visits where it was determined that Varroc Lighting Systems, Mexico's emissions to the atmosphere are regulated by federal law, the Federal Bureau of Environmental Protection ("**PROFEPA**"), Mexico's federal environmental prosecutor, required Varroc Lighting Systems, Mexico to obtain a Federal Environmental License ("**LAU**"). Operating without such license resulted in the initiation of an administrative proceeding by PROFEPA, which ordered the preliminary closure of a small portion of

Varroc Lighting Systems, Mexico's operations. The LAU was requested before the Ministry of Environment and Natural Resources ("**SEMARNAT**") and the authority issued such license on August 22, 2016. As a result, PROFEPA was able to cancel the preliminary closure and Varroc Lighting Systems, Mexico recovered its right to operate in compliance with federal environmental law. Once Varroc Lighting Systems, Mexico (a) obtained the LAU, (b) paid a fine and (c) implemented some corrective measures, PROFEPA declared the closure of the administrative procedure, which was notified to Varroc Lighting Systems, Mexico on December 20, 2017. The closure document issued by PROFEPA states that the breaches were correctly remedied and Varroc Lighting Systems, Mexico will no longer be subject to any sanction regarding such past breaches. However, we cannot provide assurances that there will be no such incidences in the future.

In addition, Varroc TYC Auto Lamps' Pollutant Discharge Permit issued by the Environmental Protection Department of Xinbei District, Changzhou expired on March 16, 2017. The Environmental Protection Department of Jiangsu Province is in the process of formulating new implementation rules for Pollutant Discharge Permits, and until new rules for the auto lamp industry are issued, the Environmental Protection Department of Xinbei district, Changzhou will not renew expired permits or issue new permits. Therefore, Varroc TYC Auto Lamps is yet to receive a renewed permit, despite an application for renewal made on February 6, 2017. Whilst Varroc TYC Auto Lamps has not been ordered to stop the discharge of pollutants nor has it been notified of, nor been subjected to, any fine or penalty by the Environmental Protection Department as a result of its current pollutant discharge permit having expired, we cannot guarantee that such an order and/or such sanctions will not be imposed.

Moreover, Varroc TYC Auto Lamps (CQ) produces domestic sewage of approximately 30,000 tons per year in its operation activities, and drains such sewage into the urban drainage system, but has not applied for a drainage permit for this sewage discharge. Pursuant to the Administrative Measures of Permits for Releasing Urban Sewage into Drainage Pipelines (the "**Measures**"), if a drainage unit (including industrial, construction, catering or medical enterprises) drains sewage into the urban drainage system in violation of the Measures without applying for and obtaining the appropriate drainage permit from the local PRC administrative authority, the administrative authority shall order the drainage unit to stop the illegal act, take remedial action and apply for the appropriate drainage permit. In addition, the administrative authority may impose a fine of up to RMB 500,000, or between RMB 300,000 and RMB 500,000 for a drainage unit which is on a 'most-watched' list of pollutant discharging units. Moreover, the drainage unit will be required to provide compensation for any damage arising as a result of its actions, and if such action constitutes a criminal offence, it may be charged accordingly. Whilst Varroc TYC Auto Lamps (CQ) has not received any order from the administrative authority, nor has it received a fine or been subject to criminal charges, we cannot guarantee that such an order and/or such sanctions will not be imposed.

7. ***We may not be successful in implementing our strategies, such as expanding our business in China, South America, southern Europe, northern Africa and east Asia, or capitalising on technological trends in the automotive industry, which could materially adversely affect our business, results of operations and future prospects.***

The success of our business depends greatly on our ability to effectively manage our business and implement our strategies. For details, see "*Our Business*" beginning on page 180 of this Draft Red Herring Prospectus. For example, we will be entering into new markets as part of our growth strategy by constructing new plants in Brazil, to serve the South American market, and Morocco, to serve the southern Europe and north African market. We will require significant capital investments and cash outlays, which is likely to have a material impact on our results of operations during the initial post-opening period. Our ability to successfully execute these expansion plans will depend on various factors, including, among others:

- the availability, terms and costs of financing required to fund construction or acquisitions or complete expansion plans;
- unexpected delays in completing constructions or acquisitions;
- return on investments;
- the participation of our joint venture partners including TYC in China and Dell'Orto S.P.A. in India;

- the grant of regulatory approvals; and
- general economic conditions in such markets.

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 achieve an adequate return on our investment or maintain current or prospective growth rates. Even if we are able to implement some or all of the initiatives of our business strategy successfully, our operating results may not improve to the extent we anticipate, or at all. For example, in 2015 and 2016, I.M.E.S did not perform to our expectations and incurred losses due to the slow-down in the mining sector. Consequently, I.M.E.S has received financial assistance from Varroc European Holdings BV. There were two loans outstanding as at December 31, 2017 being (i) a €13.965 million loan (a long term loan, with the original loan amount being €14.25 million) and (ii) a €4.3 million loan (a short term loan, with the original amount being €0.3 million).

In order to achieve and maintain future growth, we need to, *inter alia*, effectively manage our expansion projects, accurately assess new markets, attract new customers, obtain sufficient financing for our expected capital expenditures, control our input costs, effectively expand, train and manage our employees, maintain sufficient operational and financial controls and make additional capital investments to take advantage of anticipated market conditions. We may not be able to achieve growth in revenues and profits or maintain such rate of growth in the future. Moreover, if we experience extended periods of very rapid growth, we may not be able to manage our growth effectively with available resources. If we are unable to execute our strategies effectively, and in a timely and successful manner, our business, financial condition and profitability will be adversely affected.

8. ***We have undertaken and may continue to undertake strategic investments and alliances, acquisitions and mergers in the future, which may be difficult to integrate and manage. These may expose us to uncertainties and risks, any of which could materially adversely affect our business, financial conditions and results of operations.***

We have pursued and may continue to pursue acquisitions, mergers and strategic investments and alliances in India as well as overseas as a mode of expanding our operations, such as through our acquisitions of Varroc Lighting Systems in FY2012 and Team Concepts in FY2018, and our ongoing investments into new manufacturing facilities in Morocco and Brazil. In addition, in March 2018 we entered into a non-binding memorandum of understanding to acquire an automotive lighting company in Turkey. Going forward, we may undertake further acquisitions, mergers, investments, expansions and alliances to enhance our operations and technological capabilities. There can be no assurance that we will be able to raise sufficient funds to finance such strategies for growth. Further expansion and acquisitions may require us to incur or assume new debt, expose us to future funding obligations or integration risks. We cannot provide assurances that such expansion or acquisitions will contribute to our profitability.

There is no assurance that we will be able to successfully integrate any companies or assets we acquire, or that we will realise the strategic and/or operational benefits that we anticipate. Moreover, we may expend significant management attention trying to do so, but may not see results. In addition, there can be no assurance that we will be able to complete our expansions, acquisitions, mergers or alliances in the future on terms acceptable to us, or at all.

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

Our business is capital intensive as we have expanded and upgraded our existing production facilities. For FY2015, FY2016, FY2017 and 9M FY2018, we incurred gross capitalization of ₹5287.80 million, ₹5050.05 million, ₹6716.55 million and ₹3668.95 million, respectively. The actual amount and timing of our future capital requirements may differ from estimates as a result of, among other factors, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, economic conditions, engineering design changes, weather related delays, technological changes, additional market developments and new opportunities in the automotive components industry. Our sources of additional financing, where required to meet our capital expenditure plans, may include the incurrence of debt, the issue of equity or debt securities or a combination of both. If we decide to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, and could have a significant effect on our profitability and cash flows. We may also become subject to additional covenants, which could limit our ability to access cash flows from operations. Any issuance of equity, on the other hand, would result in a dilution of the shareholding of existing shareholders.

In many cases, a significant amount of our working capital is required to finance the purchase of materials and the designing and manufacturing of the product before payment is received from customers. Our working capital requirements may increase if the payment terms in our agreements or purchase orders include reduced advance payments or longer payment schedules. These factors may result, and have in the past resulted, in increases in the amount of our receivables and short-term borrowings. Continued increases in our working capital requirements may have an adverse effect on our financial condition and results of operations.

10. ***Our auditors are subject to a SEBI order dated January 10, 2018, as modified by an order of the Securities Appellate Tribunal ("SAT") dated January 19, 2018 and a further order of the SAT dated February 15, 2018, that may hinder their ability to issue certificates in respect of our Company***

On January 10, 2018, SEBI passed an order (the "**SEBI Order**") against entities and firms practicing as chartered accountants in India under the brand and banner of Price Waterhouse (together, "**PW Entities**"), which includes our auditors. The SEBI Order related to alleged violations by PW Entities in connection with audit services provided to Satyam Computer Services Limited ("**SCSL**"), the chairman of whom in 2009 admitted and confessed to large scale financial manipulations in the books of account of SCSL. The SEBI Order provided, among others things, that:

- entities/firms practicing as Chartered Accountants in India under the brand and banner of PW, shall not directly or indirectly issue any certificate of audit or listed companies, compliance of obligations of listed companies and intermediaries registered with SEBI and the requirements under the SEBI Act 1992, the SCRA 1956, the Depositaries Act 1996, those provisions of the Companies Act 2013 which are administered by SEBI under section 24 thereof or the Rules, Regulations and Guidelines made under those Acts which are administered by SEBI for a period of two years; and

- listed companies and intermediaries registered with SEBI shall not engage any audit firm forming part of the PW network, for issuing any certificate with respect to compliance of statutory obligations which SEBI is competent to administer and enforce, under various laws for a period of two years.

While the SEBI Order came into force with immediate effect on January 10, 2018, it provided that in order to remove operational difficulties, the SEBI Order will not impact audit assignments relating to the FY2017 already undertaken by the firms forming part of the PW network.

On January 19, 2018, the SAT passed an order ("**SAT Order 1**") clarifying that the SEBI Order will not impact assignments in respect of existing clients already undertaken by PW Entities in respect of FY2018, and that PW Entities would complete certification work with them as on the date of SAT Order 1. Moreover, the SAT directed PW Entities to give a list of existing clients to the SAT and SEBI; our Company was included in that list.

On February 15, 2018, the SAT passed an order ("**SAT Order 2**") extending the cut-off date mentioned in the SEBI Order to March 31, 2019 or until a newly constituted bench of the SAT takes an appropriate final decision in the matter, whichever is earlier. Therefore, until March 31, 2019, PW Entities are allowed to carry on audit and certification work of their existing clients. In light of the SAT Order 2, our auditors are currently able to continue with their ongoing engagement to audit our Company and deliver the necessary certificates for our Offer. However, there is no guarantee whether or when the SAT will issue a final decision as referred to in SAT Order 2. Post March 31, 2018 our Company will evaluate the continuance of Price Waterhouse & Co Chartered Accountants LLP as our Company's statutory auditors, as per applicable law. If we change our statutory auditor, such change may require, among other things, the approval of the shareholders through a special resolution. We cannot assure you that we will be able to change our statutory auditors, if required to do so, in a timely manner and a sudden change of our statutory auditors may be disruptive to our business and divert management attention. In the event that our statutory auditors are not able to issue the required certificates, we intend to replace them with another audit firm as the statutory auditor of our Company, which may lead to a delay in the completion of the required work by the auditors and hence result in a concomitant delay with regards the Offer.

As part of our mandatory rotation of audit firms as required by Companies Act, we will replace Price Waterhouse & Co Chartered Accountants LLP as our auditor for FY2019 with another audit firm.

11. ***If we are unable to sustain or manage our growth, our business, results of operations and financial condition may be materially adversely affected.***

Our operations have grown significantly over the last six fiscal years. In 2011, we had 18 manufacturing facilities, whereas we now have 36 manufacturing facilities as well as four additional manufacturing facilities under development. We may not be able to sustain our rates of growth, due to a variety of reasons including a decline in the demand for automotive components, increased price competition, the lack of availability of raw materials, lack of management availability or a general slowdown in the economy. A failure to sustain our growth may have an adverse effect on our business, results of operations and financial condition.

We are embarking on a growth strategy that involves steps aimed at deepening, diversifying and widening our customer base, by expanding our product portfolio, focusing on advanced technology and higher profit products, focusing on operational efficiencies to improve returns, continuing to pursue strategic alliances and inorganic growth opportunities and expanding our presence in the profitable after-market segment. Such a growth strategy will place significant demands on our management as well as our financial, accounting and operating systems. If we are unable to increase our production capacity, we may not be able to successfully execute our growth strategy. For further details, see "*Our Business*" beginning on page 180 of this Draft Red Herring Prospectus.

Further, as we scale-up and diversify our products, we may not be able to execute our operations efficiently, which may result in delays, increased costs and lower quality products. Although we expect to leverage industry trends for growth in emission reduction, autonomous driving, electrification, connectivity and shared mobility, we cannot provide assurances that our future performance or growth strategy will be successful. Our failure to manage our growth effectively may have a material adverse effect on our business, results of operations and financial condition.

12. ***Our failure to compete effectively in the highly competitive automotive components industry and to keep pace with advances with our research and development ("R&D") capabilities, including retaining qualified engineers and staff, could result in the loss of customers, which could have an adverse effect on our business, results of operations, financial condition and future prospects.***

We compete with global competitors to retain our existing business as well as to acquire new business. Our failure to obtain new business or to retain or increase our existing business could adversely affect our financial results. In addition, we may incur significant expense in preparing to meet anticipated customer requests that may not be recovered.

We face increasing competition across our product portfolio. There is no assurance that we will remain competitive through our R&D efforts and with respect to technology, design and quality. Some of our competitors may have certain advantages, including greater financial resources, technology, R&D capability, greater market penetration and operations in diversified geographies and product portfolios, which may allow our competitors to better respond to market trends. Accordingly, we may not be able to compete effectively with our competitors, which may have an adverse impact on our business, results of operations, financial condition and future prospects.

In addition, our success in expanding our business will also depend on significant investments in our R&D capabilities, in order to support our growth and business strategy. This includes hiring and retaining dedicated personnel for our R&D team, and maintaining the ability to attract, retain and motivate qualified engineers and other R&D staff. We had 14,301 full time employees as at December 31, 2017, including 1,365 employees involved in R&D. If one or more members of our R&D team are unable or unwilling to continue in their present positions, such persons would be difficult to replace in a timely and cost-effective manner, and our business, prospects and results of operations could be materially adversely affected. Our failure to successfully manage our personnel needs could have a similar adverse impact. These risks could be heightened to the extent we invest in businesses or geographical regions in which we have limited experience. If these risks materialise our business, results of operations and financial condition could be materially adversely affected.

13. ***An inability to handle risks associated with our international operations could negatively affect our sales to customers in foreign countries, as well as our operations and assets in such countries.***

We have substantial international operations, with manufacturing, engineering and technical sales centres in Germany, the United Kingdom, France, Italy, Romania, the Czech Republic, Vietnam, China, Mexico, and the United States, and plans to open plants in Brazil and Morocco. For FY2015, FY2016, FY2017 and 9M FY2018, our total segment revenue from outside India (as based on customer location) was ₹48,492.41million, ₹51,276.85 million, ₹64,651.08 million and ₹47,522.35 million, or 69.77%, 62.39%, 67.29% and 64.27%, respectively, of our total revenue. Our international operations are subject to risks that are specific to each country and region in which we operate, as well as risks associated with international operations in general. Our international operations are subject to, among other risks and uncertainties, the following:

- Social, economic, political, geopolitical conditions and adverse weather conditions, such as natural disasters, civil disturbance, terrorist attacks, war or other military action would affect our business and operations. For example, such a disruption may prevent us from production or delivery of our products to our customers.

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

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

- Fluctuations in foreign currency exchange rates against the Indian Rupee, may affect our results of operations, the value of our foreign assets, the relative prices at which we and foreign competitors sell products in the same markets and the cost of certain inventory and non-inventory items required for our operations. For instance, fluctuation of the Euro, US Dollar, Chinese Yuan Renminbi and Czech Koruna would have an impact on the export revenues and profits of our operations.

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

14. ***We depend on third parties for the supply of raw materials and delivery of products and such third parties could fail to meet their obligations, which may have a material adverse effect on our business, results of operations and financial condition.***

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

We also use third parties for deliveries of finished and unfinished products to our customers, as well as between production facilities. Although we have entered into supply agreements pursuant to which we can claim compensation for losses incurred due to a breach of delivery obligations by our suppliers, transportation strikes have occurred in the past and, if they were to occur again in the future, could have an adverse effect on supply and delivery to and from particular plants. An increase in freight costs or the unavailability of adequate port and shipping infrastructure for transportation of our products to our markets could also have an adverse effect on our business and results of operations.

Further, the automotive industry has experienced significant volatility with respect to the price of raw materials in the recent past, primarily with respect to ferrous and non-ferrous metals. Historically, as a practice, we have passed the increase in the cost of metals, especially aluminium and steel, onto our customers for our Indian operations. 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 the date on which we can reset the component prices for our customers, so as to account for the increase in the prices of such raw materials. In addition, we are especially not able to pass all of our raw material price increases to our customers for our VLS operations, as we sell integrated systems rather than individual components. The inability to pass fluctuations in raw material prices on to our customers may materially and adversely affect our profits and profit margins. Our need to maintain a continued supply of raw materials may make it difficult to resist price increases and surcharges imposed by our suppliers, which may have an adverse effect on our business and results of operations.

15. ***Our efforts in obtaining and protecting our patents may be costly and unsuccessful, which may have an adverse effect on our business and results of operations.***

Patent protection is an important component of our international strategy going forward. Patents over our developed products provide exclusivity in the market in which we operate, which is important for the successful marketing and sale of our products. We have sought, and continue to seek patents covering a variety of our products across various product lines in India and globally. We currently have some patent applications pending approval, in addition to seeking registration of two designs that are also pending approval. Our applications may be opposed, or our competitors may have filed similar patent applications or hold patents relating to products or processes that compete with those that we are developing or are seeking to protect. We cannot assure you that we will be granted the patents that we apply for, in a timely manner, or at all.

We have been granted 184 patents to date, all of which relate to VLS. Even if we are successful in obtaining patents with respect to our pending applications, third parties may challenge, seek to invalidate or circumvent our patents and/or patent applications. Although we may defend our patent rights, there can be no assurance that our defence will be successful. Moreover, patent litigation and other challenges to our Company's patents may be costly and unpredictable. If one or more of our important patented products lose patent protection in profitable markets, sales of those products may decline significantly if alternative versions of those products become available, and this may have an adverse effect on our business and results of operations.

We have, through our subsidiary Varroc Lighting Systems, S.R.O., entered into a licensing agreement with our China JV for the supply of technology/intellectual property used in the sale of their exterior lighting products. Through this licensing agreement, we receive a certain percentage of the revenue generated from the sale of these products. We also gain access to resources by trading intellectual property with other competitors. We cannot assure you that these arrangements will be maintained in the future, and if they do not continue, they may have a material adverse effect on our business and results of operations.

16. ***Expiry of our intellectual property rights could lead to increased competition.***

Even where we are able to obtain and then defend patent and other intellectual property rights necessary for research, development and commercialization of our products, such intellectual property rights will be for a limited term. Whilst we have some patents that are expiring in 2018 and 2019, we expect the majority of the patents to be renewed. Where we hold patents or licences which expire, the technology forming the subject of the patent may be utilized by third parties in R&D or competing products. While we endeavour to maintain robust intellectual property protection, as our existing patents expire, it may materially and adversely affect our competitive position and our business, revenue and results of operations.

17. ***Our failure to keep our technical knowledge confidential could erode our competitive advantage.***

Like many of our competitors, we possess extensive technical knowledge about our products. Such technical knowledge has been built up through our own experiences and through licensing agreements and technical assistance agreements, which grant us access to new technologies. Our technical knowledge is a significant independent asset, which may not be adequately protected by intellectual property rights such as patent registration. Some of our technical knowledge is protected only by secrecy. As a result, we cannot be certain that our technical knowledge will remain confidential in the long run.

Certain proprietary knowledge may be leaked, either inadvertently or wilfully, at various stages of the production process. A significant number of our employees have access to confidential design and product information and there can be no assurance that this information will remain confidential. Moreover, certain of our employees may leave us and join our various competitors. Although we may seek to enforce non-disclosure agreements in respect of R&D with our key employees, we cannot guarantee that we will be able to successfully enforce such agreements. We also enter into non-disclosure agreements with a number of our customers and suppliers but we cannot assure you that such agreements will be 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 automotive components sector could be harmed. If a competitor is able to reproduce or otherwise capitalise 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.

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

We have implemented various information technology ("**IT**") solutions, particularly at our VLS plants, to cover key areas of our automated operations, procurement, dispatch and accounting.

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

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

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

19. ***We are subject to strict quality requirements and any product defect issues or failure by us or our component suppliers to comply with quality standards may lead to the cancellation of existing and future orders, recalls or warranty and liability claims.***

We face an inherent business risk of exposure to product defects and subsequent liability claims in the event that the use of any of our products results in personal injury or property damage. We and our component suppliers may not meet regulatory quality standards, or the high quality standards imposed by our customers and applicable to our manufacturing processes, which could have a material adverse effect on our business, financial condition, and results of operations.

In the event that any of our products do not meet regulatory standards or are defective, we may be, *inter alia*, (a) responsible for damages relating to any defective products, (ii) required to replace, recall or redesign such products or (iii) incur significant costs to defend any such claims. We have had warranty claims made against our products in the ordinary course of our business. In FY2015, FY2016, FY2017 and 9M FY2018, our total consolidated warranty claims (total utilization/ reversal of warranty provision during the period/ year for the purpose of warranty claims) was ₹170.72 million, ₹144.27 million, ₹178.04 million and ₹162.19 million, respectively, which represent 0.25%, 0.18%, 0.19% and 0.22% of our revenue. We cannot assure you that we or our component suppliers comply or can continue to comply with all regulatory requirements or the quality requirement standards of our customers. Because of the longer useful life of some our products, it is possible that latent defects might not appear for several years.

The 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 demand until compliance is achieved or, with a component supplier, until a new supplier has been identified and evaluated. Our or our component supplier's failure to comply with applicable regulations could cause adverse consequences to be imposed on us, including warning letters, fines, injunctions, civil penalties, the refusal of regulatory authorities to grant approvals, delays, suspensions or withdrawal of approvals, licence revocation, seizures or recalls of products, operating restrictions and criminal prosecutions, all of which could harm our business. We cannot assure you that if we need to engage new suppliers to satisfy our business requirement we can locate new suppliers in compliance with regulatory requirements, in a timely manner, or at all. Our failure to do so could lead to the cancellation of existing and future orders and have a material adverse effect on our business and revenue.

Vehicle manufacturers have their own policies regarding product recalls and other product liability actions relating to their suppliers. However, as suppliers become more integrally involved in the vehicle design process and assume more vehicle assembly functions, vehicle manufacturers may seek compensation from their suppliers for contributions when faced with product recalls, product liability or warranty claims. Although we have product liability and product recall insurance, we may not be covered for all situations that may arise with regards to any defects in our products. Vehicle manufacturers are also increasingly requiring their outside suppliers to provide warranties for their products and bear the costs of repair and replacement of such products under new vehicle warranties. For example, our exterior lighting products are typically under warranty for periods ranging from three to five years and our auto-components are typically under warranty for one to three years, depending primarily on the type of product. Depending on the terms under which we supply products, our customers may hold us responsible for some or all of the repair or replacement costs of defective products or when the product supplied does not perform as expected. Such warranties maybe enforced against us even in cases where the underlying sales contract has expired. A successful warranty or product liability claim, or costs incurred for a product recall, could result in adverse publicity against us and would have an adverse effect on our business, results of operations and financial condition.

20. ***We are highly dependent on our key management team, as well as our mid-to-senior management personnel and our success depends in large part upon our Promoter. The loss of or our inability to attract or retain such persons could materially adversely affect our business performance.***

The attrition rate for FY2015, FY2016, FY2017 and 9M FY2018 where 14%, 13%, 14% and 9% respectively.

Our business and the implementation of our strategy is dependent upon our key management team, who oversee our day-to-day operations, strategy and growth of our business, and our R&D team. If one or more members of our key management team are unable or unwilling to continue in their present positions, such persons would be difficult to replace in a timely and cost-effective manner, and our business, prospects and results of operations could be materially adversely affected.

In addition, our success in expanding our business will also depend, in part, on our ability to attract, retain and motivate mid-to-senior management personnel. We may need to increase compensation and other benefits in order to attract and retain personnel in the future and that may affect our costs and profitability. Our failure to successfully manage our personnel needs could adversely affect our business prospects and results of operations. These risks could be heightened to the extent we invest in businesses or geographical regions in which we have limited experience. If we are not able to address these risks, our business, results of operations and financial condition could be materially adversely affected.

Our Promoter, Mr. Tarang Jain has nearly 30 years of experience in the automotive industry. He has been crucial to the growth of our business. He is also the Managing Director of our Company for a term up to February 5, 2023. We are highly dependent on our Promoter to manage our current operations and to meet future business challenges. In particular, the active involvement of our Promoter in our operations, including through strategy, direction and customer relationships have been integral to our development and business. The loss of this individual would have a material adverse effect on our operations. We cannot assure you that his services will continue to be available to us, or that we will be able to find a suitable replacement if required.

21. ***There is outstanding litigation against our Company, our Subsidiaries and our Directors which, if adversely determined, could affect our business and results of operations.***

Our Company, our Subsidiaries, and our Directors are involved in certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally from us and other parties. Should any new developments arise, such as any change in applicable Indian law or any rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase expenses and current liabilities. Any adverse decision may have an adverse effect on our business, results of operations and financial condition.

A summary of pending litigation in relation to criminal matters, tax matters, and actions by regulatory or statutory authorities against us, our Directors and our Subsidiaries, as applicable, as at the date of this Draft Red Herring Prospectus is set out below.

Litigation against our Company

Type of proceeding	Number of cases	Amount, to the extent quantifiable *(₹ million)*
Regulatory/ statutory action	3	-
Tax	22	211.59

Litigation by our Company

Type of proceeding	Number of cases	Amount, to the extent quantifiable *(₹ million)*
Criminal	2	2.07

Litigation against Directors

Type of proceeding	Number of cases	Amount, to the extent quantifiable *(₹ million)*
Criminal	1	3.55

Litigation against our Subsidiaries

Type of proceeding	Number of cases	Amount, to the extent quantifiable *(₹ million)*
Civil	1	54.23
Tax	43	157.16
Regulatory	1	-

Litigation by our Subsidiaries

Type of proceeding	Number of cases	Amount, to the extent quantifiable *(₹ million)*
Civil	1	77.77
Criminal	1	17.54

For further details on the outstanding litigation against our Company, our Subsidiaries and our Directors, see "*Outstanding Litigation and Material Developments*" beginning on page 557 of this Draft Red Herring Prospectus.

22. ***We could be adversely affected as a result of our historical and future operations in certain countries that are subject to Sanctions.***

We have in the past sold, and currently continue to sell, products to at least one customer each in Iran and Sudan, countries that were, or are, subject to comprehensive U.S. sanctions. In January 2017, the United States authorized most Sudanese transactions under a general license; however we undertook sales into Sudan prior to the issuance of that general license. To our knowledge we are not subject to any investigations by any sanctions authority as a result of these sales. We believe that the risk of designation of us or any member of our Group by any sanctions authorities in connection with our business involving Iran and Sudan is not material, and that any enforcement action that may be taken against us by sanctions authorities in relation to our business in Iran and Sudan would not be material. In FY2015, FY2016, FY2017 and 9M FY2018, our sales to customers in Iran and Sudan was approximately 0.03%, 0.03%, 0.01% and 0.03% of our total revenue from operations. Our business with Iran and Sudan is disclosed in this Draft Red Herring Prospectus only to the extent that we knew that the sales were destined to Iran or Sudan.

Given the unpredictable nature of sanctions authorities' activities, we cannot guarantee that we will not be subject to an enforcement action by any sanctions authority. Moreover, we cannot predict the interpretation or implementation of sanctions policy by any sanctions authority, nor by any relevant courts, and it is possible that their interpretation or implementation may be unfavourable to us. Any unfavourable sanctions policy changes, or the initiation of any enforcement action, may have a material adverse effect on our business, results of operations, financial condition and prospects. It is also possible that our sales involving Iran and Sudan may give rise to negative media or investor attention regardless of whether they are permissible under applicable sanctions. Additionally, certain U.S. state governments and universities have restrictions on the investment of public funds or endowment funds, respectively, in companies that are members of corporate groups with activities in certain jurisdictions. As a result, concern about potential legal or reputational risk associated with our sales to Iran and Sudan could reduce the marketability of our shares to such investors, which could affect the price or after-market performance of our shares and our liquidity, and may materially and adversely affect our ability to raise financing.

23. ***Our financing agreements contain covenants that limit our flexibility in operating our business. If we are not in compliance with certain of these covenants and are unable to obtain waivers from the respective lenders, our lenders may accelerate the repayment schedules, and enforce their respective security interests, leading to an adverse effect on our business and financial condition.***

We are bound by restrictive and other covenants in our facility agreements with various lenders, including but not limited to, restrictions on the utilisation of the loan for certain specified purposes, timely provision of information and documents, timely creation of security, obtaining prior consent from existing lenders and maintenance of financial ratios. Further, most of our loan documents contain restrictive covenants which require us to obtain prior written approval from the appropriate lender for various corporate actions. If we are not in compliance with certain of these covenants and are unable to obtain waivers from the respective lenders, our lenders may accelerate the repayment schedules or terminate our credit facilities. Subsequently, if we are unable to pay our debt, affected lenders could also proceed against any collateral granted to them to secure such indebtedness. Furthermore, these covenant defaults can result in cross-defaults in our other debt financing agreements, and there can be no assurance that potential defaults will not result in future cross-defaults. If any of our lenders accelerate the repayment of our borrowings, we cannot assure you that we will have sufficient assets to repay amounts outstanding under our loan agreements or continue our business.

As of February 28, 2018, the aggregate outstanding borrowings under these debt financing agreements was ₹16,549.24 million, on a consolidated basis, which includes term loans from banks. For details, see "*Financial Indebtedness*" beginning on page 555 of this Draft Red Herring Prospectus.

24. ***We require certain approvals and licences 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 require certain approvals, licences, registrations and permissions for operating our business, some of which may have expired and for which we may have either made, or are in the process of making, an application for obtaining the approval for its renewal. If we fail to obtain or retain any of these approvals or licences, or renewals thereof, in a timely manner, our business may be adversely affected. Furthermore, our government approvals and licences are subject to numerous conditions, some of which are onerous and require us to make substantial compliance-related expenditure. If we fail to comply or a regulator claims that we have not complied with these conditions, our business, prospects, financial condition and results of operations may be adversely affected. For details of pending renewals and pending material approvals, see "*Government and Other Approvals"* beginning on page 562 of this Draft Red Herring Prospectus.

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

Our business requires individuals to work under potentially dangerous circumstances or with flammable materials. For example, if improperly handled, molten metal can seriously hurt or even kill employees or other persons, 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.

These hazards can cause personal injury and loss of life, catastrophic damage or destruction of property and equipment as well as environmental damage, which could result in a suspension of operations and the imposition of civil or criminal liabilities. In FY2017 we experienced a work-related fatality of an employee at our plant in China and a work-related fatality of a third party at our plant in the Czech Republic. Moreover, in FY2016 and FY2017, we experienced nine work-related injuries at our plants in the Czech Republic, namely Novy Jicin and Rychvald. Following each incident, we conducted a thorough internal investigation as to the reasons that resulted in the incident, and organized safety stand downs at all our VLS plants, which were aimed at minimizing the risk of similar future incidents. However, we could 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. ***The availability of counterfeit products, such as products passed off as our products by others in the aftermarket business, could adversely affect our goodwill and results of operations.***

Third parties could pass off their own products as ours, including counterfeit or pirated products. Certain entities could imitate our brand name, packaging materials or attempt to create lookalike products. Counterfeit Varroc products have previously emerged in India and certain countries where we export. As a result, our market share could be reduced due to replacement of demand for our products and deficiency in the quality of the counterfeit products will adversely affect our goodwill. The proliferation of counterfeit and pirated products, and the time and attention lost to defending claims and complaints regarding counterfeit products could have a material adverse effect on our goodwill and our business, prospects, results of operations and financial condition.

27. ***We may be unsuccessful in protecting our intellectual property rights. Unauthorised use of our intellectual property may result in the development of technology, products or services which compete with our products, and may adversely impact our business prospects, reputation and goodwill.***

Our intellectual property rights are important to our business. We rely on a combination of patent, copyright and trademark laws, trade secrets, confidentiality procedures and contractual provisions to protect our intellectual property. However, we cannot be certain that the steps we have taken will prevent unauthorized use of our intellectual property. Third parties may infringe upon or misappropriate our intellectual property. The misappropriation or duplication of our intellectual property could cause damage to our business prospects, reputation and goodwill, distract our management and employees, reduce our revenue and increase our expenses. The competitive advantage that we derive from our intellectual property may also be diminished or eliminated. We may need to litigate to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others; any such litigation could be time-consuming and costly and a favourable outcome cannot be guaranteed. Moreover, we may not be able to detect any unauthorized use or be able to take appropriate and timely steps to enforce or protect our intellectual property.

In the past we have taken a number of measures to protect our intellectual property rights, including in relation to the following alleged infringements: (a) trademark infringement by Varroc Life Sciences Pvt. Ltd. in India; (b) trademark infringement by IGB Motorcycle Parts SAS, Colombia in Colombia; (c) an attempt by Leader Automobile Pvt. Ltd. to register trademarks identical to VLS' label and logo in Sri Lanka; (d) the registration of trademarks similar to VLS' by Ruian Yizhou Auto Parts Co. Ltd. in China; and (d) the registration of VLS' logo by David & Emily Import Company in Ecuador. Our attempts to protect our intellectual property in the aforementioned situations have not always been successful. For further details, see "*Business – Intellectual Property*" on page 213 of this Draft Red Herring Prospectus.

28. ***We might unintentionally infringe upon the intellectual property rights of others, any misappropriation of which could harm our competitive position.***

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. We may also be susceptible to claims from third parties asserting infringement and other related claims. If claims or actions are asserted against us, we may be required to obtain a licence, modify our existing technology or cease the use of such technology and design a new non-infringing technology. Such licences or design modifications can be extremely costly. Furthermore, necessary licences may not be available to us on satisfactory terms, if at all. In addition, we may decide to settle a claim or action against us, the settlement of which 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.

29. ***Our employees are members of unions and we may be subject to industrial unrest, slowdowns and increased wage costs, which may adversely affect our business and results of operations.***

We operate manufacturing plants in numerous countries that have stringent labour legislation in place that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment.

As at December 31, 2017, many of our employees are members of labour unions. Thus it may be difficult for us to maintain flexible labour policies, and we may face the threat of labour unrest, work stoppages and diversion of our management's attention due to union intervention.

Strikes or work stoppages can adversely affect the results of our operations and reputation. For example, workmen at our VEPL III (Chakan, Pune India) plant went on strike on August 5, 2015, for which the

Industrial Court granted our request for an injunction to restrain entry of the striking employees within 1km of the plant's vicinity. The remaining staff worked for 12 hours per day to ensure there was some level of production. However, this still affected our operations by increasing our variable costs due to the use of temporary staff during the strike period. We signed a settlement agreement on October 8, 2015 for the duration of 42 months. We have signed several agreements with labour unions in Mexico, the Czech Republic and India, which are set to expire between 2018 and 2020. Work stoppages or slow-downs experienced by our customers or key suppliers could result in slow-downs or closures of our units or assembly plants where our products are included in the end products. In the event that we or one or more of our customers or key suppliers experiences a work stoppage, such work stoppage could have an adverse effect on our business, results of operations and financial condition.

Pursuant to our long term agreements with trade unions, wage increases of our unionised employees are linked to productivity. Furthermore, historically, wage costs in the Indian automotive components industry have been significantly lower than wage costs in developed countries for comparable skilled technical personnel. However, in the long term, wage increases in India may make us less competitive unless we are able to increase our efficiency and productivity proportionately and we can pass on such costs in the prices that we charge our customers. Any significant increase in our wage costs could have a material adverse effect on our business, results of operations and financial condition.

30. ***We appoint contract labour for carrying out certain of our ancillary operations and we may be held responsible for paying the wages of such workers, if the independent contractors through whom such workers are hired default on their obligations, and such obligations could have an adverse effect on our results of operations and financial condition.***

In order to retain flexibility and control costs, our Company appoints independent contractors who in turn engage on-site contract labour for performance of certain of our ancillary operations in India. Although our Company does not engage these labourers directly, we may be held responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and financial condition. In addition, under the Contract Labour (Regulation and Abolition) Act, 1970, as amended, we may be required to absorb a number of such contract labourers as permanent employees. Thus, any such order from a regulatory body or court may have an adverse effect on our business, results of operations and financial condition.

31. ***Our continued operations are critical to our business and any shutdown of our manufacturing facilities may have an adverse effect on our business, results of operations and financial condition.***

Our manufacturing facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of efficiency, obsolescence, labour disputes, natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. 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 component manufacturers like us for any stoppage in any assembly line, caused either by delayed delivery of a component or a defect in the components delivered. Our customer relationships, business and financial results may be materially adversely affected by any disruption of operations of our product lines, including as a result of any of the factors mentioned above.

32. ***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 additional 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.

For example, in October 2016, a customer of I.M.E.S became a victim of cyber fraud that resulted in the payment of invoices issued by I.M.E.S to the customer between August to September 2016 for an amount totalling $274,000 being made to third parties. I.M.E.S then started a legal action at the Public Prosecutor's

Office of Milan, but is yet to receive a report of this investigation. Any inability on our part to adequately detect, rectify or mitigate any such deficiencies in our internal controls may adversely impact our ability to accurately report, or successfully manage, our financial risks, and to avoid fraud.

33. ***We conduct some of our operations through joint ventures and our control over the joint ventures are limited by the interests of our joint venture partners***

We have historically entered into joint ventures and agreements with a number of partners in order to ensure we gain access to new technologies, advanced manufacturing know-how, and access to new customers and geographies. In particular, we manufacture and sell automotive and motorcycle lighting systems and components in China through a joint venture with TYC. In addition, we have entered into a joint venture with Dell'Orto S.p.A. in India, in which we have 50% shareholding, for the production, marketing and sale of electronic fuel injection control systems.

Pursuant to the terms of our shareholders agreements with our joint venture partners, certain business actions with respect to the joint venture companies (and their subsidiaries) require unanimous consent from the board of directors of the relevant company. These actions include, among others: (i) the issuance of any debt or equity securities, option or subscription right of the company or its subsidiaries; (ii) the acquisition of any investment or incurrence of any commitment of the company or its subsidiaries in excess of a certain amount; as well as (iii) the provision of loans or guarantee for indebtedness to any third party (including without limitation employees of the company or its subsidiaries). As a result of these restrictions, we may not be able to successfully expand our operations in China or elsewhere where we have a joint venture. Moreover, we may be constrained in our ability to raise capital for our joint venture operations, or to flexibly respond to any changing business environment. Any of the foregoing may have a material adverse effect on our business, financial condition, results of operations and prospects.

Further, it is possible that our interests and those of our joint-venture partners will not always be aligned, resulting in, among other things, possible project delays, additional costs or disagreements.

Moreover, we may suffer unexpected costs or other losses if a joint-venture partner becomes insolvent, unable to pay its debts as they fall due, does not meet the obligations under the agreements governing our relationship with them, or if such violations lead to fines, penalties, restrictions, withdrawal of licenses and termination of the agreements under which we operate. In some instances, we may be jointly and severally liable for required payments pursuant to the terms of the petroleum licenses in which we have interests. We may also be subject to claims by our joint-venture partners regarding potential non-compliance with our obligations, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

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

We operate 26 manufacturing facilities across nine states in India, 17 of which are operated on industrial land allotted by state-owned industrial development corporations ("**IDC**"). Under the terms of the allotment and the lease agreements, we are required to comply with various conditions such as achieving the investment commitment set out in the project report and adhering to the timelines for completion of setting up of the manufacturing facility and commencement of manufacturing activity. Furthermore, we are required to obtain IDC approval for assigning, underletting or parting with the leased premises. In the event that we fail to meet these conditions, we may be required to pay a non-refundable premium to the IDC to extend the deadline for meeting the commitments or may be required to forego taking corporate actions, even if they would be in our best interest. In addition, according to the statutory rules under which the IDCs function, IDCs also retain the power to cancel allotment of land in the event of breach of any rules of allotment.

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

35. ***We are entitled to certain tax benefits in respect of certain of our manufacturing facilities and in-house R&D divisions. These tax benefits are available for a definite period of time, which, on expiry or if withdrawn prematurely, may adversely affect our business, financial condition, results of operations and prospects.***

We are entitled to certain benefits in respect of our forging and valves divisions in Waluj (Maharashtra), such as an electricity duty exemption and an industrial promotion subsidy under the Package Scheme of Incentives 2007 introduced by the Government of Maharashtra. Our polymer division in Chakan (Maharashtra) also enjoys an electricity duty exemption and an industrial promotion subsidy under the Package Scheme of Incentives 2013. Our polymer divisions in Pathredi (Rajasthan) and Indore (Madhya Pradesh) are also eligible for VAT incentives from the respective state governments. Further, our five in-house R&D units located at Chakan and Waluj (Maharashtra), respectively, have been registered with DSIR for the purposes of getting customs duty and central excise duty exemptions granted by the Ministry of Science and Technology, Government of India and eligible for weighted deduction under section 35(2AB) of Income Tax Act.

All equipment imported for R&D purposes will have custom duty and excise duty exemption (in GST regime, excise duty is replaced by IGST). There is no cap on the amount of exemption. This is applicable till March 2018 for DIPL (applied for renewal up to 2020), March 2020 for VPPL and March 2019 for VEPL. As per Government norms, these exemptions are renewable up to March 2020. Under Section 35(2AB) of the Income Tax Act, all expenditure incurred for R&D (both capital and revenue) will be allowed at weighted deduction of 200% up to March 17, and 150% from 1 April 2017 to 31 March 2019.

For further details, please see "*Statement of Tax Benefits"* on page 124 of this Draft Red Herring Prospectus.

Our profitability will be affected to the extent that such benefits will not be available beyond the periods currently contemplated. Our profitability may be further affected in the future if any of such benefits are reduced or withdrawn prematurely or if we are subject to any dispute with the tax authorities in relation to these benefits or in the event we are unable to comply with the requisite conditions in order to avail ourselves of each of these benefits. In the event that any adverse development in the law or the manner of its implementation affects our ability to benefit from these tax incentives, our business, financial condition, results of operations and prospects may be materially adversely affected.

36. ***Discontinuance or non-availability of fiscal benefits enjoyed by us or our inability to comply with related requirements may have an adverse effect on our business and results of operations.***

Our Company currently enjoys certain fiscal benefits on account of policies of the Government of India, including concessions on duty imports and incentives relating to Merchandise Exports from India Scheme ("**MEIS**") and under the Export Promotion Capital Goods Scheme (the "**EPCG Scheme"**) of the Government of India. This incentive is in the form of Duty Credit Scrip which can be used for payment of import duty obligations. In the case of our export products, with our current product mix, the average rate of MEIS is approximately 2.75% to 3% of free on board ("**FOB"**) value of exports. The EPCG scheme allows imports at concession rates of custom duty and requires the importer to export a specified quantity of goods over a period of six years from the licence date. A 50% export obligation is required to be fulfilled within first four years with the remaining 50% within the next two years. Non-fulfilment of such obligations may result in confiscation of capital goods imported under this scheme and other penalties as set out in this scheme. As of December 31, 2017, our export obligation under EPCG scheme is ₹509.26 million. We have not been subject to any penalties on account of failure to meet our export obligations in the past, since the value of exports undertaken by us has exceeded our export commitments. However, in the event of any default under the EPCG Scheme, our results of operations may be adversely affected. As we seek to export a larger proportion of our products outside of India, any changes in the policies of the Government of India has a proportionately greater adverse effect on our results of operations and financial condition.

In China, our Changzhou plant enjoyed the "High-tech 10% CIT" subsidy (from 25% to 15%), which is applicable until December 31, 2017. For our Chongqing plant, we currently benefit from the "West-

Develop 10% CIT" government subsidy, which is applicable until 2020. We have applied for renewal of the tax incentive our Changzhou plant from 2018 onwards but there is a risk that it may not be granted.

In the Czech Republic, by a decision made by the Ministry of Trade and Industry in 2014, we currently benefit from the "Deferred Tax Asset Recognition Investment Incentive". This 40% investment incentive takes the form of an income tax credit of CZK 512 million (EUR 20.3 million) on investments of up to CZK 1,279 million (EUR 47 million) in production enlargement. The incentive tax credit may be used as a tax discount if the tax charged for the year 2013/14 was above CZK 78 million (EUR 3.1 million). The tax credit can be claimed over a period of ten years, until fiscal year 2023-2024. As at December 31, 2017, we have used CZK 272 million (EUR 11.1 million) for tax discount, with CZK 240 million (EUR 9.2 million) remaining for deferred tax asset.

In Morocco, where Varroc Lighting Systems, Morocco was recently incorporated, we will enjoy an income tax holiday for the first five years. From the sixth year onwards, we will pay corporate income tax at a rate of 8.75% for 20 years and thereafter the normal tax rate of 17.5% will be applied. We are also eligible for up to a 20% rebate of capital expenditure investment incentive, where each grant will be paid to us when we complete a 25% portion of the investment. We also enjoy other incentives such as a 20% discount on the lease of our building for the first three years. If any of the above fiscal benefits cease, our operating costs will increase and the results of our operations may be adversely affected.

37. ***Certain of our immovable properties, including our registered and corporate office and 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.***

We have taken on lease our registered and corporate office property from Maharashtra Industrial Development Corporation pursuant to a deed of assignment dated February 11, 2005 by Parvati Alloys and Steels Limited in favour of our Company. The lease is valid for a period of 95 years from September 1, 1992. Some of our manufacturing units are located on land held by us on leasehold basis with IDCs and other third parties. The leases for some of these premises are long-term lease agreements. If we are unable to renew certain or all of these leases on commercially reasonable terms, we may suffer a disruption in our operations or be unable to continue to operate from those locations in the future (and may, to that extent, need to revise our raw material sourcing, product manufacturing and raw material and product inventory schedules and/or incur significant costs to relocate or expand our operations elsewhere in order to continue to honour our commitments to our customers). In addition, the terms of certain of our leases require us to obtain the lessor's prior consent for certain actions (including making significant structural alterations to the factory building, which may be required if we were to undertake a significant expansion in the future, or for undertaking a corporate restructuring or to sublet, transfer, assign, charge or mortgage such properties).

38. ***Our insurance coverage may not be adequate to protect us against all potential losses, which may have a material adverse effect on our business, financial condition and results of operations.***

Our operations are subject to various risks and hazards inherent in the automotive industry, including breakdowns, failure or substandard performance of equipment, third party liability claims, labour disturbances, employee fraud and infrastructure failure, as well as fire, theft, robbery, earthquake, flood, acts of terrorism and other force majeure events. We have taken insurance cover for our properties in India primarily through a consortium of Bajaj Allianz General Insurance Company, ICICI Lombard General Insurance Co. Ltd, New India Assurance Company Limited and United India Insurance Company Ltd, and are insured to an extent in accordance with industry practice. In FY2014, as a result of a fire at the paint shop at the Gr Noida Plant, we successfully filed a claim for ₹135.20 million.

However, our policies are subject to standard limitations and, in the case of business interruption insurance, limitations apply with respect to the length of the interruption covered and the maximum amount that can be claimed. Therefore, insurance might not necessarily cover all losses incurred by us and we cannot provide any assurance that we will not incur losses or suffer claims beyond the limits of, or outside the relevant coverage of, insurance policies. We cannot assure you that the operation of our business will not be affected by any of the risks and hazards listed above. In addition, our insurance may not provide adequate coverage in circumstances including losses arising on account of third-party claims that are either not covered by insurance or the values of which exceed insurance limits, economic or consequential damages that are outside the scope of insurance coverage, and claims that are excluded from coverage. If our arrangements for insurance or indemnification are not adequate to cover claims, we may be required to make substantial payments and our results of operations and financial condition may therefore be adversely affected.

We may not have identified every risk, and further may not be insured against every risk, including operational risks that may occur, and the occurrence of an event that causes losses in excess of the limits specified in our policies, or losses arising from events or risks not covered by insurance policies or due to the same being inadequate. Any of the above could materially harm our financial condition and future results of operations. There can be no assurance that any claims filed will be honoured fully or in a timely fashion under our insurance policies. Also, our financial condition may be affected to the extent we suffer any loss or damage that is not covered by our insurance policies or which exceeds our insurance coverage. In addition, we may not be able to renew certain of our insurance policies upon their expiration, either on commercially acceptable terms or at all.

39. ***We have significant power, water and fuel 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, water and fuel for our manufacturing facilities, and energy costs represent a significant portion of the production costs for our operations. For FY2015, FY2016, FY2017 and 9M FY2018, our water and electricity charges were ₹1746.76 million, ₹1866.42 million, ₹1931.16 million and ₹1,515.50 million, constituting 2.51%, 2.27%, 2.01% and 2.05%, respectively, of our total revenue. If energy or water costs were to rise, or if electricity or water supplies or supply arrangements were disrupted, our profitability could decline.

We source most of our electricity requirements for our manufacturing facilities from state electricity boards and to a lesser extent, third-party suppliers. We also own windmills and a solar power plant, which together generate 13.35MW of electricity annually. Our plants supply electricity to the grid, the value of which becomes discounted from the cost of electricity we are charged from the grid. If supply is not available for any reason, we will need to rely on captive generators, which may not be able to consistently meet our requirements. The cost of electricity from state electricity boards could be significantly higher, thereby adversely affecting our cost of production and profitability. Further, if for any reason such electricity is not available, we may need to shut down our plants until an adequate supply of electricity is restored. Interruptions of electricity supply can also result in production shutdowns, increased costs associated with restarting production and the loss of production in progress.

In addition, we source most of our water requirements from state utilities, but there is no assurance that we will be able to obtain a sufficient supply of water from sources in these areas, some of which are prone to drought. In particular, with the failure of the monsoon in 2014 and 2015, many of the areas in which our manufacturing facilities in India are located experienced drought, including Aurangabad, where we have 10 manufacturing facilities. Therefore, we are subject to price risk and if supply or access is not available for any reason, our production may be disrupted and profitability could be adversely affected. We may also be forced to shut down or scale down our production if the drought worsens and we cannot access water in sufficient amounts.

40. ***Our Promoter and Promoter Group will continue to retain a majority shareholding in us after the Offer, which will allow them to exercise significant influence over us.***

After the completion of the Offer, our Promoter and Promoter Group will hold approximately 84.99% of our outstanding Equity Shares. Accordingly, our Promoter and Promoter Group will continue to exercise significant influence over our business and all matters requiring shareholders' approval, including the composition of our Board of Directors, the adoption of amendments to our constitutional documents, the approval of mergers, strategic acquisitions or joint ventures or the sales of substantially all of our assets, and the policies for dividends, investments and capital expenditures. This concentration of ownership may also delay, defer or even prevent a change in control of our Company and may make some transactions more difficult or impossible without the support of our Promoter and Promoter Group. Further, the Promoter shareholding may limit the ability of a third party to acquire control. The interests of our Promoter and Promoter Group, as our Company's controlling shareholder, could conflict with our Company's interests, your interests or the interests of our other shareholders. There is no assurance that our Promoter and/or Promoter Group will act to resolve any conflicts of interest in our Company's or your favour.

41. ***We have unsecured borrowings that may be recalled by the lenders at any time.***

As of December 31, 2017, our Company and Subsidiaries have availed unsecured borrowings aggregating to ₹1,833.64 million, which may, as per the terms of sanction letters, be recalled by the lenders at any time. In the event that any lender seeks a repayment of any such loan, we would need to find alternative sources of financing, which may not be available on commercially reasonable terms, or at all. We may not have adequate working capital to undertake new projects or complete the ongoing projects. As a result, any such demand may materially adversely affect our business, cash flows, financial condition and results of operations.

42. ***Financial information in relation to certain of our Subsidiaries and our JVs used for preparation of our restated consolidated financial information, as included in this Draft Red Herring Prospectus, has not been audited.***

Financial information in relation to the following subsidiaries of our Company used for the preparation of our restated consolidated financial information for the nine months ended December 31, 2017 and the fiscal years ended March 31, 2017, 2016, 2015, 2014 and 2013, as included in this Draft Red Herring Prospectus, is unaudited and furnished by the management of the relevant subsidiary, as the scale of operations of these entities are very small compared to the overall size of the group. These subsidiaries include:

No.	Subsidiary / JV	Year(s) unaudited
Subsidiaries		
1.	VarrocCorp Holding B.V.	FY2017, FY2016, FY2015, FY2014 and FY2013
2.	Varroc Lighting Systems GmBH	9M FY2018, FY2017, FY2016, FY2015 and FY2014
3.	Varroc European Holding B.V.	9M FY2018, FY2017, FY2016, FY2015, FY2014 and FY2013
4.	Aries Mentor Holding B.V.	9M FY2018, FY2017, FY2016, FY2015, FY2014 and FY2013
5.	Triom Mexico S. De R.L.C.V	9M FY2018 and FY2017
6.	Esex Forging s.r.l. (2)	FY2017, FY2016, FY2015, FY2014 and FY2013
7.	Varroc Do Brasil Comércio, Importação E Exportação De Máquinas, Equipamento E Peças Ltda.	9M FY2018
8.	Industrial Meccanica E Stampaggio S.p.zoo(4)	FY2015
9.	Varroc Lighting Systems S.de.R.L. De. C.V.	FY2013
10.	Varroc Lighting Systems S.A., Morocco	9M FY2018
11.	Triom Vietnam Company Limited	FY2013
12.	Varroc Japan Company Limited Japan	9M FY2018 and FY2017
13.	Varroc Lighting Systems sp. Z o.o.	9M FY2018
Joint Ventures		
14.	Varroc Elastomers Private Limited(1)	FY2017
15.	Nuova C.T.S s.r.l.(3)	9M FY2018, FY2017, FY2016 and FY2015
16.	Varroc TYC Corporation, BVI(3)	9M FY2018, FY2017, FY2016, FY2015, FY2014 and FY2013

(1) Varroc Elastomers Private Limited is no longer a JV in which our Company has an interest.
(2) Esex Forging s.r.l. was liquidated on 29 March 2017.
(3) Nuova C.T.S Italy and Varroc TYC Corporation are JVs.
(4) Industrial Meccanica E Stampaggio S.p.zoo ceased to be a subsidiary of our Company with effect from January 30, 2015.

Together, these subsidiaries reflect net assets of ₹(767.69) million and ₹(286.85) million for 9M FY2018 and FY2017, respectively. Furthermore, these subsidiaries and joint ventures reflect a total comprehensive income / (loss) of ₹(22.37) million and ₹(16.60) million for 9M FY2018 and FY2017, respectively.

We may face risks associated with such financial information not being verified by an independent third party. If such financial information had been audited, adjustments and modifications may have arisen during the course of audit process, which could have resulted in differences compared to that unaudited financial information which were furnished and relied on for preparation of our restated consolidated financial information.

43. ***Our Auditors have included certain matters of emphasis in their report on our Restated Standalone and Consolidated Financial Information***

Our Auditors' examination reports in respect of Restated Standalone and Consolidated Financial Information includes certain matters of emphasis, which do not require any corrective adjustments in the financial information.

Such matters of emphasis are detailed in the Auditors' examination report in relation to the Restated Standalone and Consolidated Financial Information. For further details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations–Auditor's Reservations, Qualifications and Adverse Remarks"* on page 540 of this Draft Red Herring Prospectus.

We cannot assure you that our Auditor's reports for any future fiscal periods will not contain qualifications, remarks, comments or matters of emphasis or that such qualifications, remarks, comments or matters of emphasis will not require any adjustment in our financial statements for such future periods or otherwise affect our results of operations in such future periods.

44. ***Our Company will not receive any proceeds from the Offer.***

The entire proceeds after deducting relevant Offer expenses will be paid to the Selling Shareholders including our Promoter, Mr. Tarang Jain, and our Company will not receive any such proceeds. For further details, see "*Objects of the Offer*" on page 118 of this Draft Red Herring Prospectus.

45. ***We entered into related party transactions aggregating ₹999.18 million, ₹612.05 million, ₹825.84 million and ₹718.23 million for FY2015, FY2016, FY2017 and 9M FY2018, respectively. We will continue to enter into such transactions and there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties.***

We have entered into transactions with several related parties, including the Promoter, our directors and joint venture partners, aggregating ₹999.18 million, ₹612.05 million, ₹825.84 million and ₹718.23 million, on consolidated basis, for FY2015, FY2016, FY2017 and 9M FY2018, which were carried out in compliance with applicable laws.

We also undertake certain business transactions with certain entities forming part of the Endurance Group on an arms' length basis and in the ordinary course of business. During FY2015, FY2016, FY2017 and 9M FY2018, no member of our Promoter Group, other than our Company, engaged in related party transactions with Anurang Jain or entities controlled by Anurang Jain.

Details of our related party transactions with Anurang Jain and entities controlled by Anurang Jain are set forth in the table below (percentages shown are percentages of total related party transactions contributed by transactions of our Company with Anurang Jain and entities controlled by Anurang Jain).

	9M FY2018		**FY2017**		**FY2016**		**FY2015 (Proforma)**	
	(₹ in million, except percentages)							
Related Party Transactions with Mr. Anurang Jain and entities controlled by Mr. Anurang Jain								
Endurance Technologies Limited..........	63.26	8.81 %	63.92	7.74 %	65.37	10.68 %	48.30	4.83 %
Total...	63.26	8.81 %	63.92	7.74 %	65.37	10.68 %	48.30	4.83 %
Other Related Party Transactions............	654.97	91.19 %	761.92	92.26 %	546.68	89.32 %	950.88	95.17 %
Total Related Party Transactions.............	718.23	100.00%	825.84	100.00%	612.05	100.00%	999.18	100.0 %

There can be no assurance that such transactions and transactions entered into with the Endurance Group in particular, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. The transactions we have entered into and any future transactions with our related parties have involved or could potentially involve conflicts of interest. For more information regarding our related party transactions, see "*Financial Statements – Related Party Transactions*" on page 263 of this Draft Red Herring Prospectus.

46. ***Our Promoter may enter into ventures that may lead to real or potential conflicts of interest with our business.***

Our Promoter may become involved in ventures that may potentially compete with our Company. The interests of our Promoter may conflict with the interests of our other Shareholders and our Promoter may, for business considerations or otherwise, cause our Company to take actions, or refrain from taking actions, in order to benefit himself instead of our Company's interests or the interests of its other Shareholders and which may be harmful to our Company's interests or the interests of our other Shareholders, which may materially adversely impact our business, financial condition and results of operations.

47. ***We have experienced negative cash flows in prior periods and any negative cash flows in the future could adversely affect our financial condition and the trading price of our Equity Shares.***

We experienced the cash flows, both positive and negative, set forth in the table below for the specified periods:

Consolidated	9M FY2018	FY2017	FY2016	FY2015	FY2014	FY2013
			(₹ in million)			
Net Cash Flow from Operating Activities......................................	3145.50	6765.00	2904.91	1283.41	4,600.31	3,481.99
Net cash from/(used in) Investing Activities......................................	-4573.68	-5654.35	-5785.21	-2453.90	-3,412.46	-7052.93
Net cash from/(used in) Financing Activities.....................	-287.60	936.52	3,860.77	703.09	-812.09	4,338.53
Total..	-1715.78	2,047.17	980.47	-467.40	375.76	767.59

Any negative cash flows in the future could materially adversely affect our financial condition and the trading price of the Equity Shares.

48. ***Our contingent liabilities as stated in our Restated Consolidated Financial Information could adversely affect our financial condition.***

As of December 31, 2017, our Restated Consolidated Financial Information disclosed and reflected the following contingent liabilities:

Particulars	December 31, 2017
	(in ₹million)
Contingent liabilities not provided for	
Disputed Excise and Service Tax matters	162.40
Income Tax matters	124.59
Sales Tax matters..	39.57
Other money for which our Company is contingently liable..	31.90
Others	119.99
Total..	478.45

For further details of certain matters which comprise our contingent liabilities, see "*Financial Statements*" on page 263 of this Draft Red Herring Prospectus.

If at any time we are compelled to realise all or a material proportion of these contingent liabilities, it would have a material and adverse effect on our business, financial condition and results of operations.

49. ***Our ability to pay dividends in the future will depend on our future cash flows, working capital requirements, capital expenditures and financial condition.***

The amount of our future dividend payments, if any, will depend on our future earnings, cash flows, financial condition, working capital requirements, capital expenditures, applicable Indian legal restrictions and other factors. There can be no assurance that we will pay dividends. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares. Additionally, in the future, we may be restricted by the terms of our financing agreements in making dividend payments unless otherwise agreed with our lenders.

50. ***Our Promoter and certain of our Directors hold Equity Shares in our Company and certain of our directors are entitled to profit related commission and are therefore interested in our Company's performance in addition to their remuneration and reimbursement of expenses.***

Mr. Tarang Jain, our Promoter and Managing Director and Arjun Jain, our Business Head of the Electrical-Electronics division are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding in our Company. Additionally, our Non-Executive Directors including the Independent Directors (but excluding the Investor Nominee Director) are entitled to a profit related commission aggregating to one percent per annum of the net profits not exceeding ₹15 million in a financial year, for a period of five fiscal years commencing from April 1, 2017 and hence are interested in our Company in addition to their regular reimbursement. We cannot assure you that our Promoter and Directors will exercise their rights as shareholders to the benefit and best interest of our Company. Our Promoter will continue to exercise significant control over us and influence decisions requiring voting of shareholders. Our Promoter may take or block actions with respect to our business which may conflict with the best interests of our Company or that of minority shareholders. For details on the interest of our Promoter and Directors other than reimbursement of expenses incurred or normal remuneration or benefits, see *"Our Management – Interest of our Directors"* and "*Our Promoter and Promoter Group – Interests of our Promoter and Related Party Transactions*" on pages 245 and 257 of this Draft Red Herring Prospectus, respectively.

51. ***We have in the last 12 months issued Equity Shares at a price that could be lower than the Offer Price.***

As on date of this DRHP, no Equity Shares have been issued by our Company at a price lower than the Offer Price during the last twelve months, except as disclosed below:

Date of allotment	Number of equity shares issued	Face value (₹)	Issue price per equity share (₹)	Nature of consideration	Reasons for allotment and benefits accrued to our Company
January 16, 2018	852,359[(1)]	10	10	NA	Conversion of Series B CCPS to Equity Shares

[(1)] 852,359 equity shares allotted to Tarang Jain pursuant to conversion of 852,359 Series B CCPS pursuant to the Subscription Agreement.

For further details regarding such issuances of Equity Shares, see "*Capital Structure—Notes to Capital Structure*" on page 105 of this Draft Red Herring Prospectus.

52. ***We have been placed on the RBI caution list pursuant to 384 cases of mismatch between export data and export realisation data.***

Reserve Bank of India ("**RBI**") circular *vide* RBI/2015-16/414 A.P. (DIR Series) Circular No.74 dated May 26, 2016 ("**Circular**") streamlined the procedure for cautioning / de-cautioning of exporters by automating the process. The Circular, further laid down the criteria for cautioning / de-cautioning of exporters in Export Data Processing and Monitoring System ("**EDPMS**"). The Circular also specifies the procedure, as mentioned below, to be followed by the Authorised Dealer ("**AD**") Category – I banks while handling shipping documents in respect of caution listed exporters:

a) They will intimate their caution listing to the exporters, giving the details of outstanding shipping bills. When caution listed exporters submit shipping documents for negotiation / purchase / discount / collection, etc., the AD Category – I bank may accept the documents subject to following conditions:

(i) The exporters concerned should produce evidence of having received advance payment or an irrevocable letter of credit in their favour covering the full value of the proposed exports; and

(ii) In case of usance bills, the relative letter of credit should cover full export value and also permit such drawings. Besides, the usance bills should also mature within prescribed realisation period reckoned from date of shipment.

Except under the above mentioned conditions, AD banks should not handle the shipping documents of caution listed exporters.

b) AD Category – I banks should obtain prior approval of the Reserve Bank for issuing guarantees for caution-listed exporters.

On March 3, 2017 we were included on the caution list of RBI, on account of outstanding shipping bills, for more than two years in the EDPMS. Further, RBI *vide* e-mail dated January 1, 2018 ("**Email**") to AD Category-I banks, granted a temporary exemption to exporters whose shipping bills remained outstanding for over 2 years as on December 31, 2017 or earlier in the EDPMS. The Email further clarified that such exporters concerned would not be treated as caution-listed until March 31, 2018 irrespective of the reason behind the pendency. In the event, our shipping bills continue to remain outstanding in the EDPMS beyond March 31, 2018 and our name continues to appear in the RBI caution list, the AD Category I bank will be able to handle the shipping documents of our exports only in accordance with the aforementioned procedure and will be able to issue guarantees for our Company only with the prior approval of RBI. In the event of exports not backed by a letter of credit or not against advance payment, our Company may encounter issues with realization of export collections and claiming of export benefits.

53. ***We are not able to guarantee the accuracy of third party information.***

Market data and certain information and statistics relating to us and general market/industry data are derived from both public and private sources, including market research, publicly available information and industry publications. We have relied on various government publications and industry sources in the preparation of this Draft Red Herring Prospectus, specifically the report titled, *Data and Analysis of Automotive Lighting Market, Industry and Manufacturing* produced by Yole and *Report on specific auto components for Indian two and three-wheeler industry* produced by CRISIL**.** We specifically commissioned Yole to prepare a market assessment of the automotive exterior lighting market in North America, South America, Europe, Africa and Asia and Crisil Market Research to prepare a market assessment of the automotive components market in India for reference in this Draft Red Herring Prospectus. Neither we, our directors, nor our Promoter are in any way related to the parties that have prepared the relevant industry data on which we relied on. While we have taken reasonable care to ensure that the facts and statistics presented are accurately reproduced from such sources, they have not been independently verified by us and the Book Running Lead Managers ("**BRLMs**"), and, therefore, we make no representation as to the accuracy, adequacy or completeness of such facts and statistics. Due to possibly flawed or ineffective calculation and collection methods and other problems, the facts and statistics herein may be inaccurate or may not be comparable to facts and statistics produced for other economies and should not be unduly relied upon. Further, there can be no assurance that the facts and statistics are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

54. ***Varroc Lighting Systems, Mexico has previously failed to make all necessary export declarations and its inventory control system is not fully compliant with Mexican customs law***

Mexican OEMs issue, on a monthly basis, certificates of merchandise (constancias de transferencia de mercancía) ("**CTMs**") to Varroc Lighting Systems, Mexico, which contain the detail of the goods exported by the OEM and the goods domestically sold by such OEM. These CTMs must be used, in accordance with customers regulation, to process export declarations, pay taxes, and then discharge importations from the inventory system. In the past some of these declarations were omitted by Varroc Lighting Systems, Mexico, and thus Varroc Lighting Systems, Mexico is not fully compliant in this regard. These omissions, if detected by the customs authority, may result in fines of 100% to 130% of the taxes due and not paid. In addition, if the customs authority initiates a proceeding, and such proceeding is not properly attended by Varroc Lighting Systems, Mexico, the customs authority could cancel the IMMEX program.

In addition, Mexican customs law requires companies with an IMMEX program to have an up-to-date customs inventory control system. Varroc Lighting Systems, Mexico's system has the following deficiencies: a) differences in the customs inventory vs. ERP (SAP); b) the previous software system had limitations to adequately register discharges of raw materials using CTMs; and c) M&E temporarily imported into Mexico was not uploaded into the customs system. Whilst Varroc Lighting Systems, Mexico began reprocessing these records by implementing new software, and migrating historical data to it, there are still outstanding balances of temporary importations that need to be discharged from the system, and Varroc Lighting Systems, Mexico is therefore not fully compliant in this regard. If these deficiencies are detected, Varroc Lighting Systems, Mexico could face administrative fines and/or claim alleged unpaid taxes for goods that have not been discharged from the customs inventory system. In addition, if the customs authority initiates a proceeding and such proceeding is not properly attended, the customs authority could cancel the IMMEX program.

External Risk Factors

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

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

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

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

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

56. ***Significant differences exist between Ind AS, Indian GAAP and other accounting principles, such as US GAAP, which may be material to investors' assessments of our financial condition.***

Our financial information in respect of the nine-month period ended December 31, 2017 and the years ended March 31, 2017, 2016 and 2015 included in this Draft Red Herring Prospectus is prepared taking Ind AS as the base, in accordance with requirements of the SEBI Ind AS Transitional Circular and Companies Act, 2013, as amended, and our financial information in respect of the years ended March 31, 2014 and 2013 included in this Draft Red Herring Prospectus is prepared taking Indian GAAP as the base, in accordance with the requirements of the SEBI Ind AS Transitional Circular and Companies Act, 2013, as amended, and restated in accordance with the SEBI ICDR Regulations. We have not attempted to quantify the impact of US GAAP or any other system of accounting principles on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of US GAAP or any other accounting principles. US GAAP differs in significant respects from Ind AS and Indian GAAP. Accordingly, the degree to which the restated financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS, Indian GAAP and SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

57. ***Differences exist between our restated financial information in respect of the fiscal years ended March 31, 2014 and 2013 based on Indian GAAP accounting principles and the restated financial information for the nine-month period ended December 31, 2017 and the fiscal years ended March 31, 2017, 2016 and 2015, which are based on Ind AS accounting principles and as such, are not strictly comparable.***

The restated financial information in this document are based on Indian GAAP accounting principles for the fiscal years ended March 31, 2014 and 2013 and Ind AS accounting principles for the nine-month period ended December 31, 2017 and the fiscal years ended March 31, 2017, 2016 and 2015. As such, our restated financial information that was prepared and presented in conformity with the respective accounting principles are not strictly comparable. Ind AS differs in certain respects from Indian GAAP and no attempt has been made to reconcile any of the information given in this document to or to base it on Indian GAAP, with which prospective investors may be familiar. Prospective investors should review the accounting policies applied in the preparation of our restated financial information, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar.

58. ***Our business and activities may be regulated by the Competition Act 2002.***

The Competition Act 2002, as amended (the "**Competition Act**"), was enacted for the purpose of preventing practices having an adverse effect on competition in India and has mandated the Competition Commission of India (the "**CCI**") to regulate such practices. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India is void and may result in substantial penalties. Any agreement among competitors which directly or indirectly determines purchase or sale prices, directly or indirectly results in bid rigging or collusive bidding, limits or controls production, supply, markets, technical development, investment or the provision of services, or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area or types of goods or services or number of customers in the relevant market or any other similar way, is presumed to have an appreciable adverse effect on competition in the relevant market in India and shall be void. The Competition Act also prohibits the abuse of dominant position by any enterprise. Furthermore, if it is demonstrated that any contravention committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be guilty of the contravention and may be punished. It is unclear as to how the Competition Act and the CCI will affect the business environment in India.

On March 4, 2011, the Government notified and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to and pre-approved by the CCI. Additionally, on May 11, 2011, the CCI issued Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India.

Consequently, all agreements entered into by us may fall within the purview of the Competition Act. For instance, on December 4, 2015 the CCI issued a show cause notice ("**SCN**") alleging our non-compliance with the provisions of the Competition Act 2002 in relation to the acquisition of the automotive lighting business of Visteon Corporation. We had responded to the SCN *vide* its letter dated December 30, 2015 stating non-applicability of the provisions of the Competition Act, 2002 and pursuant to a series of communications exchanged between us and the CCI, on January 17, 2017 the CCI dropped the proceedings against us.

In addition, the CCI has extraterritorial powers and can investigate any agreements, abusive conduct or a combination of both occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. The applicability of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, may adversely affect our business, results of operations and prospects.

59. ***Political instability, changes in economic policy, changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business and financial performance.***

Our business and financial performance could be adversely affected by unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations applicable to us and our business. Please refer to "*Regulations and Policies in India"* on page 217 of this Draft Red Herring Prospectus for details of the laws currently applicable to us.

Any political instability in India, such as corruption, scandals and protests against certain economic reforms, which have occurred in the past, could slow the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well.

There can be no assurance that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licences from the Government of India and other regulatory bodies, or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the applicability, interpretation and implementation of any amendment or change to governing laws, regulation or policy in the jurisdictions in which we operate may have a material adverse effect on our business, financial condition and results of operations. In addition, we may have to incur expenditures to comply with the requirements of any new regulations, which may also materially harm our results of operations. Any unfavourable changes to the laws and regulations applicable to us could also subject us to additional liabilities.

On November 8, 2016, the RBI, and the Ministry of Finance of the Government of India withdrew the legal tender status of ₹500 and ₹1,000 currency notes pursuant to a notification dated November 8, 2016. The short-term impact of these developments has been, among other things, a decrease in liquidity of cash in India. There is uncertainty on the long-term impact of this action. The RBI has also established, and continues to refine, a process for holders of affected banknotes to tender such notes for equivalent value credited into the holders' bank accounts. The short-term and long-term effects of demonetization on the Indian economy, India's capital markets and our business are uncertain and we cannot accurately predict its effect on our business, results of operations, cash flows, financial condition and prospects.

The General Anti Avoidance Rules ("**GAAR**") have been notified by way of an amendment to the Income Tax Act 1961, and became effective from April 1, 2017. While the intent of this legislation is to prevent business arrangements that are set up with the intent to avoid tax avoidance under the Income Tax Act 1961, certain exemptions have been notified, viz., (i) arrangements where the tax benefit to all parties under an arrangement is less than ₹30.00 million, (ii) where Foreign Institutional Investors ("**FIIs**") have not taken benefit of a double tax avoidance tax treaty under Section 90 or 90A of the Income Tax Act 1961 and have invested in listed or unlisted securities with SEBI approval and (iii) where a non-resident has made an investment, either direct or indirect, by way of an offshore derivative instrument in an FII. Further, investments made up to March 31, 2017 shall not be subject to GAAR provided that GAAR may apply to any business arrangement pursuant to which tax benefit is obtained on or after April 1, 2017, irrespective of the date on which such arrangement was entered into.

The application of various Indian tax laws, rules and regulations to our business, currently or in the future, is subject to interpretation by the applicable taxation authorities. If such tax laws, rules and regulations are amended, new adverse laws, rules or regulations are adopted or current laws are interpreted adversely to our interests, the results could increase our tax payments (prospectively or retrospectively) and/or subject us to penalties. Furthermore, changes in capital gains tax or tax on capital market transactions or the sale of shares could affect investor returns. As a result, any such changes or interpretations could have an adverse effect on our business and financial performance.

60. ***Terrorist attacks, communal disturbances, civil unrest and other acts of violence or war involving India and other countries in which we have operations may adversely affect the financial markets and our business.***

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares trade and also adversely affect markets in which we have operations, as well as the worldwide financial markets. These acts may also result in a loss of business confidence, and adversely affect our business. In addition, any deterioration in relations between India and its neighbouring countries might result in investor concern about stability in the region, which may adversely affect the price of our Equity Shares.

Some states in India have also witnessed civil unrest including communal disturbances in recent years and it is possible that future civil unrest, as well as other adverse social, economic and political events in India may have a negative impact on us. Such incidents may also create a greater perception that investment in Indian companies involves a higher degree of risk and may have an adverse impact on our business and the price of our Equity Shares.

61. ***The occurrence of natural or man-made disasters may adversely affect our business, results of operations and financial condition.***

The occurrence of natural disasters, including hurricanes, floods, tsunamis, earthquakes, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, may adversely affect our financial condition or results of operations. The potential impact of a natural disaster such as the H5N1 "avian flu" virus, H1N1 swine flu virus, Middle East Respiratory Syndrome ("**MERS**") or Zika (the mosquito virus) on our results of operations and financial position is speculative, and would depend on numerous factors. Although the long-term effect of such diseases cannot currently be predicted, previous occurrences of avian flu, swine flu, MERS and Zika had an adverse effect on the economies of those countries in which they were most prevalent. In the case of any of such diseases, should the virus mutate and lead to human-to-human transmission of the disease, the consequence for our business could be severe. An outbreak of a communicable disease in India or in the particular region in which we have projects would adversely affect our business and financial conditions and the result of operations. We cannot assure prospective investors that such events will not occur in the future or that our business, results of operations and financial condition will not be adversely affected.

62. ***Any downgrading of India's debt rating by an independent agency may harm our ability to raise financing.***

Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms on which such additional financing is available. This could have an adverse effect on our capital expenditure plans, business and financial performance and the price of our Equity Shares.

63. ***Changes in trade policies may affect us.***

Any change in policies by the countries, in terms of tariff and non-tariff barriers, from which our suppliers import their raw materials, components and/or countries to which we export our products, may have an adverse effect on our profitability.

64. ***If the rate of Indian price inflation increases, our business and results of operations may be adversely affected.***

In the recent past, India has experienced fluctuating wholesale price inflation as compared to historical levels due to the global economic downturn. An increase in inflation in India could cause a rise in the price of raw materials and wages, or any other expenses that we incur. If this trend continues, we may be unable to accurately estimate or control our costs of production or pass on increase in costs to our customers and this could have an adverse effect on our business and results of operations.

65. ***Currency exchange rate fluctuations could have an adverse effect on our reporting of results of operations.***

We report our consolidated results of operations in Indian Rupees, while our Subsidiaries report their financial results in their respective local currencies. In accordance with "Accounting Standard 21 - Consolidated Financial Statements" issued by Institute of Chartered Accountants of India, at the time of conversion of the financial statements of the foreign subsidiary during the consolidation process, line items of the profit and loss account are converted using an average exchange rate for the period or year under consideration except for opening and closing stock, which are converted at the opening and closing exchange rate respectively, whereas items of the balance sheet are converted using the closing exchange rate for the period or calendar year under consideration. Exchange rate fluctuations may have an adverse effect on our reported revenues and financial results as a result of variations in the exchange rate compared to exchange rate prevailing in the previous comparative period.

In the past, we have also recognised losses on account of foreign exchange positions and transactions. For the FY 2016 and 9M FY2018, our losses on account of such positions and transactions was ₹17.10 million and ₹174.32 million, respectively. We experienced gains on our foreign exchange positions and transactions of ₹542.89 million and ₹265.11 million in FY2015 and FY2017, respectively. We cannot guarantee that we will not experience similar losses going forward and such losses may continue to have an adverse effect on our business, results of operations and financial condition.

65. ***After this Offer, our Equity Shares may experience price and volume fluctuations or an active trading market for our Equity Shares may not develop.***

The price of the Equity Shares may fluctuate after this Offer as a result of several factors, including volatility in the Indian and global securities markets, the results of our operations, the performance of our competitors, developments in the automotive components sector and changing perceptions in the market about investments automobile and automotive components sectors in general and us in particular, adverse media reports on us or the automotive sector, changes in the estimates of our performance or recommendations by financial analysts, significant developments in economic liberalisation and deregulation policies and significant developments in fiscal regulations.

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

66. ***Any future issuance of Equity Shares may dilute your shareholding and sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares.***

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

67. ***You will not be able to sell immediately on an Indian stock exchange any of the Equity Shares you purchase in the Offer.***

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

68. ***Investors may not be able to enforce judgments obtained in foreign courts against us.***

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

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, which includes the United Kingdom, Singapore and Hong Kong. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements of the Indian Code of Civil Procedure, 1908 (the "**Civil Code**"). 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 favour such final judgment is rendered may bring a fresh suit in a competent court in India based on a final judgment that has been obtained in a non-reciprocating territory within three years of obtaining such final judgment. It is unlikely that an Indian court would award damages on the same basis or to the same extent as was awarded in a final judgment rendered by a court in another jurisdiction if the Indian court believed that the amount of damages awarded was excessive or inconsistent with public policy in India. In addition, any person seeking to enforce a foreign judgment in India is required to obtain prior approval of the RBI to repatriate any amount recovered pursuant to the execution of the judgment.

69. ***Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.***

Under the current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Currently, any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if securities transaction tax ("**STT**") has been paid on the transaction. STT will be levied on and collected by an Indian stock exchange on which the equity shares are sold. As such, any gain realised on the sale of equity shares held for more than 12 months by an Indian resident, which are sold other than on a recognised stock exchange and as a result of which no STT has been paid, will be subject to capital gains tax in India. Further, any gain realised on the sale of equity shares held for a period of 12 months or less will be subject to capital gains tax in India. Further, any gain realised on the sale of shares on a stock exchange held for a period of 12 months or less will be subject to short term capital gains tax. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to short term capital gains tax at a relatively higher rate as compared to the transaction where STT has been paid in India. The Finance Act amendments provided that where the equity shares have been acquired on or after October 1, 2004 on which STT has not been paid at the time of acquisition, then the exemption of long-term capital gains under Section 10(38) of the Income Tax Act would not be available. This amendment further provides that the Government of India will notify certain modes of acquisition to which the recent amendment made by the Finance Act would not be applicable and the shares acquired by such modes of acquisition would continue to get the benefit under Section 10(38) of the Income Tax Act. The Ministry of Finance has in the union budget for 2018-19 proposed that any gain in excess of ₹ 100,000 realised on the sale of listed equity shares on a stock exchange held for more than 12 months will be subject to long term capital gains tax of 10% without allowing any benefit of indexation. However, all gains up to January 31, 2018 will be grandfathered. Capital gains arising from the sale of equity shares will be exempt from taxation in India in cases where an exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gains arising from a sale of equity shares.

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

Under the exchange control regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain restrictions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then the approval of the RBI will be required for such transaction to be valid. We have, in the past, delayed in filing Form FC-GPRs within the stipulated time with RBI on account of delay on the part of the authorized dealer (bank) to make onward submission of the Form FC-GPRs to RBI. RBI through its acknowledgement letter dated March 22, 2016 took on record the allotment dated March 27, 2013 of one equity share and 2,74,78,973 compulsory convertible preference shares by our Company to the Investor Selling Shareholder 1 and granted registration number for the said allotments. The acknowledgement letter however noted that the Form FC-GPRs was not filed within the stipulated period which is a contravention of 9(1)(B) of FEMA 20/2000-RB dated May 3, 2000 and further stated that any failure on the part of our Company, in future in this regard will be viewed seriously and appropriate action will be initiated under FEMA.

Additionally, shareholders who seek to convert the Indian Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/tax clearance certificate from the income tax authority. We cannot assure investors that any required approval from the RBI or any other Indian government agency can be obtained on any particular terms, or at all.

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

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

Prominent Notes:

1. Public offer of up to 18,536,600 Equity Shares of face value ₹ 1 each for cash at a price of ₹ [•] each by the Selling Shareholders in terms of the Red Herring Prospectus and the Prospectus. The Offer, aggregating up to ₹ [•] million, comprises a Net Offer to the public of up to 18,436,600 Equity Shares and an Employee Reservation Portion of up to 100,000 Equity Shares for subscription by Eligible Employees at an Employee Discount. The Offer and the Net Offer shall constitute 13.75% and 13.68% of the post-Offer paid up Equity Share capital of our Company, respectively.

2. The Offer is being made through the Book Building Process, wherein not more than 50% of the Net Offer shall be available for allocation, on a proportionate basis, to QIBs. Our Company and the Selling Shareholders may, in consultation with the GCBRLMs and the BRLM, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. 5% of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price.

3. Our net worth for Equity Shareholders as on December 31, 2017 was ₹9,988.62 million and ₹26,111.03 million, as per our Restated Standalone Financial Information and Restated Consolidated Financial Information, respectively. Our net asset value per Equity Share (after considering effect of shares split) was ₹81.12 and ₹212.06 as at December 31, 2017, as per our Restated Standalone Financial Information and Restated Consolidated Financial Information, respectively. For details, see "*Financial Statements*" on page 263 of this Draft Red Herring Prospectus.

4. The average cost of acquisition of Equity Shares by our Promoter is ₹0.00* per Equity Share.

**Since average cost of acquisition is less than ₹1 paise, the cost of acquisition is considered as ₹0.00.*

5. The average cost of acquisition of Equity Shares by Investor Selling Shareholder 1 is ₹162.43 per Equity Share and Investor Selling Shareholder 2 is ₹162.43 per Equity Share. For details, see "*Capital Structure*" on page 105 of this Draft Red Herring Prospectus.

6. Except for change in the name of our Company due to its conversion from private limited company to public limited company, there has been no change in our Company's name since incorporation.

7. There has been no financing arrangement whereby our Promoter Group, the Directors of our Company and their relatives, have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus with SEBI.

8. For details of related party transactions entered into by our Company with our Subsidiaries in the last fiscal year, including the nature and cumulative value of the transactions, see "*Related Party Transactions*" on page 261 of this Draft Red Herring Prospectus.

9. Investors may contact any of the Book Running Lead Managers as well as the Registrar to the Offer for any complaint pertaining to the Offer. For details of the Book Running Lead Managers and the Registrar to the Offer, see "*General Information*" on page 96 of this Draft Red Herring Prospectus.

10. All grievances, in relation to the Bids through ASBA process, may be addressed to the Registrar to the Offer**,** with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted, quoting the full name of the sole or first Bidder, ASBA Form number, Bidders' DP ID, Client ID, PAN,

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

SECTION III – INTRODUCTION

SUMMARY OF INDUSTRY

*We have commissioned Yole in respect of a research report titled "Industry Report on Automotive Lighting: Market, Industry and Technologies" dated March 20, 2018 and CRISIL Research in respect of a research report titled "Report on Specific Auto Components for Indian two and three-wheeler industry" issued in March 2018 (the "**Reports**"). The Reports use certain methodologies for market sizing and forecasting. Neither we, nor any of the Book Running Lead Managers, have independently verified such data and therefore, while we believe them to be true, we cannot assure you that they are complete or reliable. Accordingly, investors should read the industry related disclosure in this Draft Red Herring Prospectus in this context. 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, 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.*

Industry and market data used in this section has been extracted from the Reports. For further details and risks in relation to commissioned reports, see "Risk Factors— "We are not able to guarantee the accuracy of third party information" beginning on page 44, and "Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation – Industry and Market Data" beginning on page 15.

MACROECONOMIC OVERVIEW OF THE GLOBAL ECONOMY

According to CRISIL Research, global economic activity got off to a strong start in 2018, with the International Monetary Fund (the "**IMF**") pegging global gross domestic product (GDP) growth at 3.7% in 2017 compared with 3.2% in 2016. The pickup in growth has been broad-based, with notable upside in Europe and Asia. The IMF has also revised up its global growth forecasts for 2018 and 2019 by 20 basis points each, to 3.9% in both the years. The IMF attributed the upward revision to increased global growth momentum and the expected impact of the recently approved US tax policy changes. However, the IMF has cited rich asset valuations and very compressed term premiums, which raises possibility of financial market correction, as the downside to its growth forecast. GDP growth in the US for the fourth quarter of 2017 came lower at 2.6% on-quarter, compared with 3.2% in the third quarter. The Q4 GDP growth reflected positive contributions from personal consumption expenditures (PCE), fixed investment, and state and government spending, which was partly offset by negative contributions from private inventory investment and net exports. The UK economy posted a 0.5% on-quarter (not annualised) growth in Q4 2017, marking the strongest quarterly growth in the year, which was driven by the strengthening of the services and manufacturing sector, which were partially offset by a decline in construction activity. In Q4 2017, China posted 6.8% year-on-year growth, which according to CRISIL Research is stable compared with Q3 2017.

MACROECONOMIC OVERVIEW OF THE INDIAN ECONOMY

According to CRISIL Research, the world economy witnessed a strong cyclical recovery in 2017, and was also balanced, with investment, consumption and trade contributing to momentum. India did not benefit much from this because of domestic headwinds, such as demonetization and glitches in the implementation of the Goods and Services Tax (GST).

According to CRISIL Research, FY 2018 should be a better year for India, both in terms of global growth and the country's ability to benefit from the GST, given that the effect of demonetization has almost faded and the GST bottlenecks are being ironed out. This, together with a weak base of the current FY and a step-up in world GDP growth, is expected to lift India's GDP growth by 6.5% in FY 2018.

India's merchandise exports slowed to 12.4% on-year in December from 30.5% in November. Import growth, however, increased further to 21.1% from 19.6% in November. Trade deficit expanded to a three-year high of $14.9 billion from $13.8 billion in November. The slowdown was attributed to stagnation in mining activity and moderation in manufacturing and electricity. As per usage-based classification, the production of consumer durables declined for the second consecutive month.

In the medium term, CRISIL Research expects the pace of economic growth to pick up, as structural reforms – such as the GST and the Bankruptcy Code, aimed at de-clogging the economy and raising the trend rate of growth – begin to impact the economy. Assuming that the monetary and fiscal policies remain prudent, these reforms would lead to efficiency gains and improve the prospects for sustainable high growth in the years to come. An improving macroeconomic environment (softer interest rate and stable inflation), urbanization, a rising middle class and business-friendly government reforms will drive growth in the long term. As per the IMF, the Indian economy is projected to grow at a 7.5% CAGR during FY2017-FY2022 period over the next five years. Growth will be higher than the economies of many emerging as well as developed economies, such as Brazil, Russia and China.

GLOBAL PASSENGER CAR AND LIGHT COMMERCIAL VEHICLE MARKET

Review and outlook on the global passenger car and light commercial vehicle market

In analyzing the global passenger vehicle and the automotive lighting market, Yole covers only exterior lighting, which includes headlamps, rear lamps and other small lamps and will be focused on passenger cars ("**PC**") and light commercial vehicles ("**LCV**"), and all market volumes refer to number of units produced.

Yole notes that such decrease in CAGR is mostly due to mature markets such as Europe, North America and Japan continuing to experience steady or even negative growth, and to the slowdown of the automotive market in China that is not yet compensated by corresponding growth in other emerging markets such as India. Yole expects South American and African markets to have a negative growth due to economic crisis and unstable political context.

Over the past ten years, Yole notes that the market breakdown has changed significantly. According to Yole, global PC and LCV sales reached 90 million units in 2016 (representing 95.5% of total vehicle sales (which also includes heavy trucks and buses)), compared to 64 million units in 2006. The global passenger vehicle market volume grew at a $CAGR_{2006-2016}$ of 3.4%. It grew at a $CAGR_{2011-2016}$ of 3.8%, and expects such volume to grow at a $CAGR_{2016-2021}$ of 2.0%. Yole notes that in 2006, Europe was the largest market for total vehicles sales with 33% of sales, North America the second largest market with 27% of sales, and China the third largest market with 11% of sales. However, Yole notes that in 2016, the more developed automotive markets such as Europe and North America are now reaching saturation, with lower growth rates year-on-year. In 2016, Europe and North America each represented a market share of 22% of the global PC and LCV sales, whereas China exhibited a $CAGR_{2006-2016}$ of 15% to become the largest automotive market representing 31% of global PC and LCV sales.

Other than China, Yole notes that other emerging markets (mainly situated in Asia) also have high growth potential. As an example, India is a market which grew at a $CAGR_{2006-2016}$ of 7.9%.

Outlook

During the 2016-2021 period, Yole expects mature markets such as North America and Europe to grow steadily at a CAGR of 1.6% to 2.0%. According to Yole, the Japanese market will continue to decrease with the development of megacities and the reduced need to have a personal car. South American and African markets will keep decreasing until 2021-2022 where Yole expects a new growth cycle to occur. The growth in China will slow down with a CAGR of 3.4%, while Yole expects India, Korea and the rest of Asia to continue growing at a CAGR of 5.3%, 2.4% and 2.5% respectively.

Regarding future trends, Yole expects global PC and LCV sales to reach 99 million units in 2021 at a $CAGR_{2016-2021}$ of 2.0. Yole notes that growth will be driven by emerging markets where GDP growth per capita will enable more households to purchase their first car.

GLOBAL AUTOMOTIVE EXTERIOR LIGHTING MARKET AND INDUSTRY

Review and outlook on the global automotive exterior lighting market

The global automotive exterior lighting market generated USD 17.8 billion in terms of revenue in 2016. The estimated revenue is the result of a top-down analysis (i.e. of tier-1 annual revenue) and a bottom-up analysis (i.e. market models with ASP and penetration rate for each lighting technology). The revenue generated by the global automotive exterior lighting market grew at a $CAGR_{2011-2016}$ of 4.5% and Yole expects such revenue to grow at a $CAGR_{2016-2021}$ of 4.3%, which represents a higher CAGR than global passenger vehicle and light commercial vehicle sales, which grew at a $CAGR_{2011-2016}$ of 3.8% and is expected to grow at a $CAGR_{2016-2021}$ of 2.0%. According to Yole, such increase in growth is mostly related to the increased penetration rate of light-emitting diodes ("**LEDs**") that will increase the value of lighting systems (i.e. average selling price ("**ASP**")) compared to incumbent technologies and enable new applications and functions in exterior lighting applications. This further increases the lighting value and lighting content per car but also creates new business opportunities.

Key market drivers

According to Yole, globally, the automotive lighting market has several growth drivers, each having a different impact:

- increased LED penetration rate;
- technology innovation;
- design differentiation; and
- increased lighting content per vehicle.

Key industry players

Yole notes that the global automotive exterior lighting industry comprises more than 20 players around the world. According to Yole, this industry is in the hands of eight main players (namely Koito Manufacturing Co., LTD, Magneti Marelli, Valeo, Stanley Electric Co., LTD, Hella KGAA Hueck&Co, Varroc Lighting Systems, SL Corporation and ZKW) which generated US$16.3 billion in revenue, representing 91% of the total global automotive exterior lighting revenue (estimated at US$17.8 billion in 2016). In the future, Yole notes that the increased penetration rate of LED technology and the trend towards intelligent lighting might create opportunities for existing players to increase their market share, but it will be important for such players to develop strategies in agreement with automotive lighting development.

Key industry trends

According to Yole, the following key trends in the industry will have an impact on automotive exterior lighting:

- advanced driver assistance system ("**ADAS**") (and autonomous vehicles);
- increased connectivity;
- CO2 emission reduction;
- vehicle electrification; and
- shared mobility.

According to Yole, the key priorities for vehicle manufacturers is the consumer-driven demand for style, safety, reliability, and energy efficiency, as well as increasingly demanding regulatory standards. Yole notes that this translates into a constant focus on core competencies, such as powertrain (i.e. main components that generate power and deliver it to the road surface) and structure of the vehicle. According to Yole, OEMs will now have to develop and implement increasingly complex electronic, optoelectronic, software, and communication systems, and will need to collaborate with new suppliers and industries in order to do so. Upcoming technologies such as LED, 3D Lighting, AFS, Matrix and Laser will also lead to high-growth, high-margin products that further bolster the growth of the industry.

THE INDIAN TWO-WHEELER INDUSTRY

Review and Outlook on the Indian two-wheeler industry

Global context

According to CRISIL Research, the global two-wheeler motorized industry is primarily concentrated in Asia, with India and China being the two biggest manufacturers. According to CRISIL Research, India is also one of the largest markets in terms of domestic sales.

Historic Development

CRISIL Research notes that the production of two-wheelers in India grew at a 5% CAGR between FY2012 and FY2017. While domestic sales grew at a faster 6% CAGR, the drop in oil prices kept export demand subdued at a 4% CAGR.

With a sharp 9% growth in FY2015, production registered a faster pace of growth of 6.2% CAGR between FY2012 and FY2015, but a subdued growth in domestic demand occurred in FY2016, with near-stagnant export demand impacting production growth in FY2016.

According to CRISIL Research, India is the second largest two-wheeler manufacturer in the world. As at FY2017, India has produced 13.1 million motorcycles, 5.9 million scooters and 0.91 million mopeds. The renewed growth pace in FY2017 boosted production during the year. However, a decline in export demand limited production growth.

Key growth drivers for Indian two-wheeler industry exports

- ***Rising crude oil prices***: India primarily exports to crude oil-driven economies such as Nigeria and the Middle East. Rising crude oil prices boosted these economies and, in turn, India's exports to these countries. .

- ***Focus on other markets***: To battle the slump, CRISIL Research notes that players have been focusing on other markets, such as Latin America. Recent expansion in the Latin American markets by Hero and TVS will support growth in demand for exports.

  CRISIL Research notes that India's share of exports to Latin America increased to 29% in 2016 from 18% in 2014.

Outlook on export and domestic markets and future growth drivers

Outlook on export and domestic markets

According to SIAM and CRISIL Research, overall domestic two-wheeler production is estimated to grow at a robust pace of 8-10% CAGR in the next three years to reach around 26.3 million units by FY2020 from around 19.9 million, 22.5 million, and 24.7 million in FY2017, FY2018 and FY2019, respectively. Domestic sales, which forms approximately 85% of total production, is also estimated to grow at a similar pace of 8-10% during the period. On the other hand, it estimates exports to grow at a faster pace of 9-11% from the low base of FY2017.

CRISIL Research expects that manufacturers' focus on urban markets, expansion in the distribution network in semi-urban and rural areas, model launches, and better product positioning, will drive up volumes.

CRISIL Research projects the domestic two-wheeler industry to grow at a faster pace of 11-13% in FY2018, led by improved affordability and positive rural sentiments, as compared with 7% in FY2017.

Higher GDP growth and lower inflation will lead to better affordability, measured by an increase in disposable incomes. CRISIL Research expects affordability to improve, especially in rural areas, as a result of better crop output due to a better monsoon. Muted interest rates will further aid demand. Moreover, it expects the cost of ownership to rise moderately on account of vehicle price hikes, offset by a decline in prices post GST imposition.

In FY2019, CRISIL Research expects the two-wheeler industry to grow 6-8%, assuming normal monsoons and improved rural demand, State Pay Commission pay-outs, and a pick-up in infrastructure activities. Further, improvement in government spending is likely to boost demand in the second half, pushing demand upwards by 1-3%.

CRISIL Research expects scooters to grow at a faster pace of 9-11%, followed by motorcycles and mopeds, reporting a modest growth of 5-7% and 4-6%, respectively.

The scooter segment continues to outperform the industry, growing 16% between April and November 2017. Moped sales saw a 7% decline in that period, while motorcycles grew 8%.

Motorcycle sales are likely to grow on the back of robust rural sales between FY2018 and FY2020. CRISIL Research expects mopeds, which account for 4-5% of domestic two-wheeler sales, to also continue growing at a moderate pace.

Within motorcycles, the premium segment's share has been steadily rising on the back of increased competition, affordability, and better model launches. According to CRISIL Research, with the entry of global players, the segment is picking up.

Additionally, Indian companies are also launching products to cater to this segment and compete with global players. CRISIL Research expects the premium segment to show robust demand in FY2018 and FY2019, fueled by improving consumer affordability and coupled with changing consumer preference towards high-end bikes.

On the exports front, CRISIL Research estimates two-wheeler exports from India to bounce back from the low base of 2.3 million units in FY2017 to 3.1 million units in FY2020. While the expanding geographical footprint and more extensive product portfolios will be the main drivers, crude oil prices and currency fluctuations in export markets will remain a monitorable.

Future growth drivers for the exports market

- Stable crude oil prices to aid demand from African countries
- Improvement in Latin American economies
- Continued expansion undertaken by players

Source: SIAM, CRISIL Research

India traditionally sold motorcycles in the exports market. However, players are now also focusing on scooters to cater to scooter-oriented markets such as Southeast Asia. In FY2017, scooter exports rose 14%, while Motorcycle exports have been growing at a rapid pace of 17%.

Future growth drivers for domestic sales

CRISIL Research summarizes the growth drivers for the domestic industry in the near term as the following:

- Likely improvement in macroeconomic factors after a patch of subdued growth earlier this FY
    - GDP growth to grow at 6.5% (with a downside bias) in FY2018. Inflation, on the other hand, is expected to remain soft at approximately 5%.
    - In the next two years, growth to continue to be consumption led, given a normal monsoon, softer interest rates and inflation, and implementation of Pay Commission hikes by states, which will push up purchasing power.
    - The anticipated easing of interest rates in FY2018 will augur especially well for the two-wheeler industry.
- Anticipated improvement in rural demand.
- Further rise in finance penetration levels in FY2018, as banks and NBFCs continue to focus on semi-rural and rural areas.
- Rural infrastructure growth that, in turn, has a pronounced impact on rural incomes. Strong investments under infrastructure schemes in FY2018 and an expected increase in government spending in FY2019 will further boost rural infrastructure, with multiplier effects.

However, CRISIL Research expects the cost of ownership to rise by approximately 6% in FY2018, owing to a rise in petrol costs, along with an annual rise in vehicle prices. Additionally, compliance with ABS and CBS norms will further push vehicle prices upwards (a major hike of Rs 7,000-10,000 to be seen in premium motorcycles). In FY2019, CRISIL Research expects volatile fuel prices to push up the cost of ownership slightly.

THE INDIAN THREE-WHEELER INDUSTRY

Review of the Indian three-wheeler industry

According to CRISIL Research and SIAM, total sales of three-wheelers, including both domestic and export segments, declined at a compound annual rate of 2% between FY2012 and FY2017, due to subdued demand from the domestic market.

Total sales were flat in FY2014, as good exports performance was offset by weak domestic sales. However, total sales grew 13% in FY2015, due to a revival in domestic demand and weakness in exports. Again, sales were flat in FY2016 and fell 17% in FY2017.

Over the past five years, small commercial vehicles (SCVs), especially sub-one-tonne models (0.75-tonne payload), were substituting large three-wheelers of similar payload capacity, given the SCVs' ability to carry loads beyond payload capacities, run longer routes, maintain better balance, and be more cost efficient.

Domestic sales and exports averaged 60:40 between FY2012 and FY2017. In FY2017, exports took a hit, raising the domestic sales' contribution to 65%. According to CRISIL Research, the domestic share is usually 60-65%, with the remainder consisting of exports.

Outlook of the Indian three-wheeler industry

Production

India has emerged as the largest three-wheeler producer, with a large domestic market and export base. CRISIL Research calculates the country's three-wheeler production to have grown at a 3% CAGR from FY2012 until FY2017, with steadily rising exports and domestic demand. Sales in the passenger vehicle market will be influenced by the issuance of permits. CRISIL Research expects demand for compressed natural gas (CNG)-based three-wheelers to also grow, as cities with adequate infrastructure are pushing for CNG-based vehicles and more cities adopt CNG.

Total sales

Between FY2017 and FY2020, CRISIL Research expects three-wheeler sales to increase at a 13-15% CAGR, because of moderate domestic growth of 8-10% CAGR and a healthy exports growth of 20-22% CAGR.

Key growth drivers for domestic sales and export sales

- Strong demand from international markets, due to the rising demand for last-mile connectivity because of the lack of well-developed public transport systems.

- India is one of the largest exporters of three-wheelers, and major players are continuously expanding their distribution reach in other countries to boost exports growth. Exporting countries include emerging markets like Africa, South East Asia and Latin America.

- Issuance of fresh permits for passenger three-wheeler vehicles.

- Availability of funding, especially through organised channels.

- Replacement demand has also been an important growth driver, wherein an improving network of CNG fuel stations is driving the replacement of older petrol- or diesel-powered vehicles with the CNG-based vehicles.

- Despite the fact that the usage of CNG is mandatory only in Delhi, the acceptance for CNG-based three-wheelers has caught up in other cities, primarily on the back of favorable operating economics.

- Cab aggregators are aggressively expanding their three-wheeler transportation to provide affordable and last-mile connectivity, thus acting as another growth driver.

THE INDIAN TWO-WHEELER AND THREE-WHEELER AUTO COMPONENT INDUSTRY

Review

- The proportion of manufacturing activity outsourced to auto-component manufacturers is highest for cars and utility vehicles, explaining this segment's prominence.

- Outsourcing to auto-component manufacturers is the least in the three-wheeler segment, because of lower volumes involved, in comparison to other vehicle segments. CRISIL Research expects volumes to increase in the future, owing to growing technological spends by auto-component players. It also expects localization by certain original equipment manufacturers (OEMs) to increase further, supporting growth in domestic OEM offtake.

- The Indian auto-component industry can broadly be classified into organized and unorganized sectors. The organized sector caters more to demand for high-value precision instrument, such as engine parts, and the unorganized sector to the aftermarket with low-value products such as switches.

- Over the years, the industry has developed capability of manufacturing the entire range of auto-components required for vehicles. According to CRISIL Research, engine and drive transmission parts together contribute about 50% of auto-component industry production. Engine parts, which constitute 31% of production, mainly comprise pistons, engine valves, carburetors, fuel-injection systems, camshafts, crankshafts and cooling systems. Drive transmission parts, which constitute 19% of total production, include axle assembly, steering parts and clutch assembly.

- Component-wise market shares have remained stable over the past few years.

- Engine components fall into three broad categories — core engine components, fuel delivery system, and others. This segment accounts for 31% of the auto-component market (by value).

- Steering system industry is technology- and capital-intensive in nature, which acts as an entry barrier, especially for smaller players and the unorganized segment. With power steering reducing driving effort, it is increasingly becoming popular and, consequently, players are shifting their product mix towards power steering from manual steering systems. Manufacturing axles, another critical auto-component, is also a capital- and technology-intensive business. Designing axles to meet exact engine specifications is a key success factor of axle manufacturers. Braking systems are not technology-intensive.

- Body and chassis segment is fragmented and dominated by unorganized sector since it is not technology or capital intensive in nature.

- Suspension and braking component segment includes components such as brakes, brake linings, leaf springs and shock absorbers, which account for around 12% of the domestic auto-component market, according to ACMA and CRISIL Research.

- ACMA and CRISIL Research note that equipment segment accounts for around 10% of the auto-component market, comprising components such as headlights, dashboard instruments, wiper motors and electric horns. Manufacturers of various types of lights are increasingly innovating to enhance appearance of personal vehicles such as cars and two-wheelers.

- Electrical segment is one of the most dynamic segments because of constant evolution of technology. New cars have an increasingly higher proportion of electrical parts.

- In the next three years, until FY2020, CRISIL Research expects the overall auto component industry to grow at a 9-11% CAGR from Rs. 2,727 bn to Rs. 3,641 bn.

Outlook

- CRISIL Research expects the share within each vehicle segment to remain structurally constant.

- The government is likely to impose anti-dumping duties on certain components, which will boost the revenue of Indian auto-component manufacturers. Moreover, OEMs are beginning to prefer localized products. CRISIL Research expects the trucking industry to shift gradually towards organized auto-component players, owing to regulatory changes (with respect to engines) and the Goods and Services Tax (GST).

Key growth drivers

- The Indian automobile ancillary sector is transforming itself from a low-volume, highly fragmented sector into a competitive industry, backed by competitive strengths and improving technology.

- The Indian automotive industry is characterized by strong competition between 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.

- However, the industry needs to continue to increase its quality standards and develop new products to compete globally. Typical Research & Development spend of an auto-component manufacturer in India is less than 5% of its total turnover, according to CRISIL Research.

- 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, Visteon and Denso. Additionally, some suppliers are already meeting 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.

- Two-wheeler automakers are introducing new models more frequently than before. CRISIL Research expects this to also help in growing the auto-component industry since the process of manufacturing and designing will change and component manufacturers can demand higher prices.

Market sizing and outlook of auto component sector – by business segment

Polymer segment

Polymer segment in two- and three-wheeler vehicles consists of air filter assembly, mirror assembly, seat assembly, painted and non-painted body part with the proportion of polymer depending on individual model configuration. For polymer industry market sizing, CRISIL Research has considered air filter assembly, mirror assembly, seat assembly and body parts (painted and non-painted) across the two- and three-wheeler vehicle segment.

CRISIL Research estimates the overall two- and three-wheeler polymer industry to increase at a compound annual growth rate (CAGR) of 19-21%, largely driven by the increase in two- and three-wheeler demand and acrylonitrile butadiene styrene (ABS) prices. Prices of ABS, which is used largely in the auto-component industry, have increased approximately 35% on-year in 2017 owing to a rise in feedstock prices in lockstep with crude prices. CRISIL Research expects ABS prices to be under pressure in coming years due to volatility in butadiene prices.

CRISIL Research estimates the two- and three-wheeler polymer market catering to OEM demand at approximately Rs.47 to Rs.48 billion in FY2017.

Key Players in the Polymer segment

- Air filter assembly – according to CRISIL Research, the two- and three-wheeler air filter market has four or five large players catering to OEM demand. According to CRISIL Research, Varroc is one of the leaders in the market. Other key players include Lumax, Mahle Filters and Ranee Polymers.

- Mirror assembly – according to CRISIL Research, the mirror assembly market is dominated by a few large players catering to OEM demand. CRISIL Research notes that Varroc, Fiem Industries and Sandhar Technologies are the leading two- and three-wheeler rear view mirror manufacturers in India.

- Seat assembly – CRISIL Research notes that the seat assembly market is dominated by TS Tech, Bharat Seats, Varroc and Meenakshi Polymers which cater to OEM demand.

- Body part assembly – CRISIL Research notes that the market is dominated by four to five large players catering to OEM demand, with Varroc being one of the leading players. Other key players include Fiem Industries, Lumax and Badve Group.

- ***Electrical segment***

- CRISIL Research considers the electrical segment in two- and three-wheeler vehicles to comprise instrument clusters, capacitor discharge ignition (CDI) systems, regulator and rectifier (RR), starter motors, wiper motors, electronic control units (ECU), catalytic converters, and magnetos.

- CRISIL Research estimated the market size of the two- and three-wheeler electrical segment to be Rs 69-71 billion in FY2017. It expects the segment to record a compound annual growth rate (CAGR) of 16-18% from between FY2017 and FY2020, i.e. Rs 111-113 billion.

Key Players in the Electrical Segment

According to CRISIL Research, the key players in the electrical segment catering to OEM demand in the two- and three-wheeler industry are:

- Instrument clusters –JNS Instruments Ltd., Minda Stoneridge Instruments Ltd., Pricol Ltd.

- CDI – Denso India Pvt. Ltd., Napino Auto & Electronics Ltd. and India Nippon Electricals Ltd.

- RR – Chheda Electricals and Electronics Pvt. Ltd., Flash Electronics Pvt. Ltd., Star Engineer Pvt. Ltd., Varroc being the leading two- and three-wheeler RR manufacturers in India.

- Starter motor – Denso India Pvt. Ltd., Ducati Energia India Pvt., Flash Electronics Pvt. Ltd., Lucas TVS Pvt. Ltd. and Mitsuba Sical India Pvt. Ltd., along with Varroc.

- Wiper motors – Flash Electronics Pvt. Ltd., Lucas-TVS Pvt. Ltd. and Varroc.

- ECU – Bosch Automotive Electronics India Pvt. Ltd., Continental Automotive Components (India) Pvt. Ltd., Denso India Pvt. Ltd. and Keihin Fie Pvt. Ltd.

- Catalytic converters – Mark Exhaust Systems Pvt. Ltd. and S.M. Auto Engineering.

- Magneto – Denso India Pvt. Ltd. Flash Electronics Pvt. Ltd. and Mitsuba Sical India Pvt. Ltd. and Varroc.

Engine valve segment

Engine valves present in two- and three-wheeler vehicles are based on the cylinder piston configuration. Typically, two and three-wheeler vehicles have single or double cylinder piston configuration. The two-wheeler industry is dominated by single cylinder engine with approximately 90% share, while the remaining approximately 10% accounts for double cylinder engine.

CRISIL Research estimates the two- and three-wheeler engine valve market catering to the OEM demand to be around approximately Rs 3 billion in FY2017. For industry sizing, CRISIL Research has considered solid engine valves for market estimation. Average realization for an engine valve ranges from Rs 40 to Rs 80 per piece, varying across motorcycles, scooters, mopeds and three-wheelers.

CRISIL Research notes that demand for engine valves in two and three-wheeler segment is expected to be in line with demand for two and three-wheeler vehicles, with higher growth estimated in the two-wheeler segment. CRISIL Research expects metal prices will remain under pressure due to demand-supply gap. However, manpower, power and fuel, other manufacturing expenses, consumables, and other overhead costs are also expected to exert pressure on prices.

CRISIL Research estimates the two and three-wheeler engine valve market to grow at 18-19% CAGR to approximately Rs. 5 billion by FY 2020. This is because in two and three-wheeler industry, CRISIL Research expects the market to shift towards single cylinder two inlets and two exhaust outlets by FY 2020 as more valves will bring more responsiveness and smoothness in engine.

Key Players in the Engine Valve segment

According to CRISIL Research, the two- and three-wheeler engine valve market has three to four large players catering to OEM demand. According to CRISIL Research, Varroc, along with Rane Engine Valves, Federal Mogul (Goetze) India and Shriram Piston, are key players in the two- and three-wheeler valve industry.

Forged components segment

CRISIL Research considers the forged component segment in two- and three-wheeler vehicles to comprise transmission assembly. For industry sizing, CRISIL Research has considered components such as input shaft, output shaft, drive (input) gear, driven (output) gear, bearing, shim, washer, elastic ring, spacer, circlip, washer and bush, as part of two-wheeler transmission assembly. For three-wheelers, components such as main shaft, satellite gears, bubble gears, idler gear, reverse gear, differential gear and five other gears have been considered as part of transmission assembly.

CRISIL Research estimates the two- and three-wheeler transmission assembly market, catering to original equipment manufacturer (OEM) demand, to be around approximately Rs.15 billion in FY2017.

CRISIL Research notes that demand for transmission assembly in two and three-wheeler segment is expected to be in line with two and three-wheeler demand, with higher growth estimated in two-wheeler segment. Raw materials such as ferrous (mainly iron and its alloy) and non-ferrous (mainly copper, aluminum, bronze and its alloys) metals are used to manufacture transmission assembly components. CRISIL Research expects metal prices to stabilise in next two FYs, due to demand-supply gap. However, manpower, power and fuel, other manufacturing expenses, consumables and myriad overhead costs are expected to exert pressure on prices.

Transmission assembly manufacturers are strongly driven to produce quality products of high tensile strength, high endurance and lower friction; to this end, they focus on new processes in line with technological advancements. High-priority areas include complying with pollution norms and other regulations, as well as cost reduction. Corporate Average Fuel Economy (CAFÉ) regulations call for increase in fuel efficiency by improving quality of transmission components on a continuous basis. Moreover, BS-VI will also bring in significant changes in transmission assembly components, which will help increase realisations. However, as BS-VI will be implemented only in FY 2021, it will not impact growth in next three fiscals.

CRISIL Research estimates the two and three-wheeler engine valve market to grow at CAGR of 18–19% to Rs 24–26 billion by FY 2020.

Key players in the Forged Component segment

According to CRISIL Research, key players in the two- and three-wheeler forged component segment include Varroc, Hi-Tech Gears, Musashi Auto Parts and Sundaram Fasteners.

Lighting segment

Lighting is a vital component in any automotive vehicle and plays an important role in the safety of the vehicle, its occupants and road-users. It provides illumination for drivers and pedestrians on the road to detect the vehicle's position, direction of movement and size. It also enhances the aesthetic appeal of the vehicle.

The lighting segment in two- and three-wheeler vehicles consists of lighting and signaling devices that are placed at the front, rear and side of the vehicle. To determine the industry's size, CRISIL Research has considered halogen and LED headlamps, halogen and LED tail lamps, front and rear blinkers for two- and three-wheeler vehicles, depending on individual model configuration. Growth of the Indian two- and three-wheeler automotive industry is influenced by factors such as increased sales, new national regulations, increased focus on safety and demand for energy-efficient lighting. CRISIL Research estimates the two- and three-wheeler lighting segment to have a CAGR of 16-17%, i.e. from around Rs 16.6 billion in FY2017 to around Rs 19.9 billion, Rs 23.1 billion and Rs 26.5 billion in FY2018, FY2019 and FY2020, respectively.

Key players in the Lighting segment

According to CRISIL Research, the key players in the lighting segment catering to OEM demand in the two- and three-wheeler industry are:

- Head Lamps – Varroc is one of the leaders in the head lamp industry across vehicle segments. Other key players include Fiem Industries, Lumax and Rinder India Pvt. Ltd. (which was acquired by Minda Group in 2016).

- Tail Lamps – Key players in the tail lamp segment include Fiem Industries, Lumax and Rinder India Pvt Ltd. and Varroc Group.

- Blinker - Key players in the blinker industry include Fiem Industries, Lumax and Rinder India Pvt Ltd. and Varroc Group.

SUMMARY OF BUSINESS

The following description of our business should be read together with our restated consolidated financial information as at and for the nine months ended December 31, 2017 the fiscal years ended March 31, 2017, 2016 and 2015 and fiscal years 2014 and 2013 including the notes thereto and reports thereon, each included in this Draft Red Herring Prospectus. Our restated financial information in respect of the nine-months ended December 31, 2017 and the fiscal years ended March 31, 2017, 2016 and 2015 included in this Draft Red Herring Prospectus is prepared taking Ind AS as the base, in accordance with requirements of the Companies Act, 2013, as amended, and our financial information in respect of the fiscal years ended March 31, 2014 and 2013 included in this Draft Red Herring Prospectus is prepared taking Indian GAAP as the base, in accordance with the requirements of the SEBI Transitional Ind AS Circular and the Companies Act, 2013, as amended, and restated in accordance with the SEBI ICDR Regulations. Ind AS and Indian GAAP differ in certain material respects from IFRS, U.S. GAAP and GAAP in other countries. Accordingly, the degree to which our financial information will provide meaningful information to a prospective investor in countries other than India is entirely dependent on the reader's level of familiarity with Ind AS and Indian GAAP. In addition, given that Ind AS is different in many respects from Indian GAAP under which our restated financial information for fiscal years ended March 2014 and 2013 have been prepared, and hence our Ind AS restated financial information for the period commencing from April 1, 2014 may not be comparable to our Indian GAAP restated financial information for fiscal years ended March 2014 and 2013.

Overview

We are a global tier-1 (tier-1 companies are companies that directly supply to original equipment manufacturers ("**OEMs**")) automotive component group. We design, manufacture and supply exterior lighting systems, plastic and polymer components, electricals-electronics components, and precision metallic components to passenger car, commercial vehicle, two-wheeler, three-wheeler and off highway vehicle ("**OHV**") OEMs directly worldwide. We are the second largest Indian auto component group (by consolidated revenue for FY2017) (*Source: CRISIL Research*) and a leading tier-1 manufacturer and supplier to Indian two-wheeler and three-wheeler OEMs (by consolidated revenue for FY2017) (*Source: CRISIL Research*). We are the sixth-largest global exterior automotive lighting manufacturer and one of the top three independent exterior lighting players (by market share in 2016) (*Source: Yole*). From FY2015 to FY2017 we had a compound annual growth rate ("**CAGR**") of 17.57% in terms of revenue.

We commenced operations with our polymer business in 1990. We initially grew organically in India by adding new business lines, such as our electrical division and metallic division. Subsequently, we diversified our product offerings and expanded our production capacity through various investments, joint ventures and acquisitions. Our acquisitions most notably included our 2012 acquisition of Visteon's global lighting business, now known as Varroc Lighting Systems. Prior to the acquisition of Visteon's global lighting business, in 2007 we acquired I.M.E.S (a manufacturer of hot steel forged parts for the construction and oil and gas industries) in Italy and in 2011 we acquired Triom (a manufacturer of high end lighting systems for global motorcycle OEMs) with operations in Italy, Romania and Vietnam. In 2013, we expanded our global lighting business by acquiring Visteon's holding in a 50/50 joint venture with Beste Motor Co. Ltd. ("**TYC**") to manufacture automotive lighting in China, namely Varroc TYC (which wholly owns Varroc TYC Auto Lamps, which in turn wholly owns Varroc TYC Auto Lamps (CQ) (our "**China JV**"). On February 13, 2018, we entered into a joint venture with Dell'Orto S.p.A., one of our customers, in India, for the development of electronic fuel injection control systems for two-wheelers and three-wheelers. We have also expanded our manufacturing and R&D footprint by investing in nine manufacturing plants and an additional R&D center in India since 2012. We continue to expand our manufacturing and R&D footprint, and intend to set up one manufacturing facility in Brazil and one manufacturing facility in Morocco, as well as two manufacturing facilities in India. We intend to continue to improve our manufacturing processes and systems, as well as invest in new technology areas to further expand our business. Our goal is to bring leading technologies to the mainstream markets with high quality, cost competitive solutions. We strive to do this with speed, agility and creativity by delivering customized solutions with quality service, while fostering an environment that empowers employees and encourages the pursuit of excellence. We consider our core values of sincerity, humility, integrity, passion and self-discipline as essential to continue to grow our business.

We have end-to-end capabilities across design, R&D, engineering, testing, manufacturing and supply of various products across our business. We have two primary business lines, namely (i) the design, manufacture and supply of exterior lighting systems to passenger cars OEMs worldwide (our "**Global Lighting Business**"), which we undertake through our subsidiaries forming part of the VLS group and (ii) the design, manufacture and supply of a wide range of auto components in India (our "**India Business**"), primarily to two-wheeler and three-wheeler OEMs, including exports. Our India Business offers a diversified set of products across three product lines, namely polymers/plastics, electrical/electronics and metallic components. In addition, we have other smaller businesses, which include the design, manufacture and supply of two-wheeler lighting to global OEMs, and under carriage forged machine components for OHVs and drill bits for the oil and gas sector (our "**Other Businesses**"). For FY2017, our consolidated revenue from operations was ₹96.1 billion with ₹61.2 billion from our Global Lighting Business, ₹31.7 billion from our India Business (₹14.8 billion for polymers/plastics, ₹9.0 billion from electrical/electronics/lighting, ₹5.4 billion for metallic components and the remainder from other sources) and ₹3.2 billion from our Other Businesses. For 9M FY2018, our consolidated revenue from operations was ₹73.9 billion with ₹44.3 billion from our Global Lighting Business, ₹26.6 billion from our India Business (₹12.2 billion for polymers/plastics, ₹7.7 billion for electrical/electronics/lighting, ₹4.8 billion for metallic components and the remainder from other sources) and ₹3.0 billion from our Other Businesses.

We have a global footprint of 36 manufacturing facilities spread across seven countries, with six facilities for our Global Lighting Business, 25 for our India Business and five for our Other Businesses. Given our global presence, our revenue stream is diversified both geographically as well as across customers. In FY2017, our largest customer contributed 17.0% of our total invoiced amounts (19.5% in 9M FY2018) and our top five customers contributed 64.5% of our total invoiced amounts (61.7% in 9M FY2018). We received 36.6% of our revenue in FY2017 from customers in Europe (39.8% in 9M FY2018), 32.7% from customers in India (35.7% in 9M FY2018), 20.4% from customers in the United States of America (17.0% in 9M FY2018), 0.6% from customers in the Asia Pacific region (0.6% in 9M FY2018) (excluding India and our China JV, which we account for via the equity method), and 9.7% from customers in other geographies (6.8% in 9M FY2018).

For our Global Lighting Business, our manufacturing facilities are located in Mexico, the Czech Republic, China (through our China JV) and India, allowing us to serve the North American, European, Chinese and Indian markets, respectively. These markets together accounted for more than 80% of the passenger car and light commercial vehicle ("**LCV**") sales by volume in 2016 (*Source: Yole*). VLS is in the process of setting up a new plant in Brazil, to serve the South American market, and Morocco, to serve the southern European and north African markets. We anticipate that our plants in Brazil and Morocco will commence production in FY2019. We are in discussions to acquire an exterior automotive lighting company in Turkey in FY2019. By locating its manufacturing facilities in comparatively lower cost countries, VLS is able to provide customers with lighting systems in a cost efficient manner. VLS has a diversified customer base across nearly all major automotive markets in the world, except Japan and Korea. VLS has long-term relationships with marquee auto manufacturers across the premium, mid-range and mass market pricing spectrum, including Ford, Jaguar Land Rover, the Volkswagen Group (the "**VW Group**"), Renault-Nissan-Mitsubishi, Groupe PSA, FCA, a European multinational car manufacturer and an American electric car manufacturer. VLS has a broad portfolio of lighting products, including Halogen, Xenon/high-intensity discharge, light-emitting diode ("**LED**"), Matrix LED, high definition Micro-Electro-Mechanical Systems ("**MEMS**") and digital micromirror device ("**DMD**"), surface LED, organic light-emitting diode ("**OLED**") module, Flex LED, LED pixel and LED pixel headlamp, catering to the five product segments within external automotive lighting. VLS has sales offices in France, Germany and the United Kingdom and is headquartered in Plymouth, Michigan (United States of America).

Within our India Business, we have 25 manufacturing facilities and five R&D centers spread across India. Our Indian manufacturing and distribution footprint is strategically located across key Indian automotive hubs, allowing us to be close to our customers and helping to ensure cost efficiency. We have a long-standing relationship with Bajaj Auto Ltd ("**Bajaj**"), a leading two-wheeler manufacturer, which has been our customer for the past 28 years and to whom we have been providing components across our product lines. Our other key two-wheeler customers in India include Honda, Royal Enfield, Yamaha, Suzuki and Hero. We also export to global two-wheeler manufacturers from our facilities in India, namely KTM and Volvo. Our India Business is headquartered in Aurangabad, Maharashtra, India. We also have an office in Pune and we have sales offices at Pune, Gurgaon and Japan.

We are continually honing our in-house R&D and engineering capabilities at our Global Lighting Business to capitalize on industry trends, including in particular moves towards emission reduction, autonomous driving, electrification, shared mobility and connectivity. We differentiate ourselves by focusing on the low cost development of advanced technologies, thereby delivering high quality, cost competitive solutions for our customers. Most of our R&D centers are located in low-cost geographies, which we believe will give us a growing competitive advantage as the technology content of our products continues to increase. As of December 31, 2017, our Global Lighting Business has approximately 900 engineers located in nine R&D centers, which are located in the Czech Republic, India, China (through our China JV), Mexico, Germany and the United States of America. We have a new R&D facility which started operations in 2018 in Poland. Our engineering teams work closely with our customers to develop new products and technologies. Our Global Lighting Business had 184 patents as of December 31, 2017.

Our R&D efforts at our India Business 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 multi point fuel injection. In particular, the Ministry of Road Transport and Highways, India has mandated the adoption of the Bharat Stage VI ("**BS VI**") emission standards by April 1, 2020, as part of which two and three-wheelers in India are expected to introduce electronic fuel injection systems and on February 13, 2018, we signed a joint venture agreement with Dell'Orto, S.p.A. for such development. We have already begun engaging with our customers to provide electronic fuel injection systems starting from 2020. We develop our own electronics, control and software, and as on December 31, 2017, have filed 14 applications with the Controller General of Patents, Designs and Trade Marks in India and two applications with the World Intellectual Property Organisation for 16 patents which are in various stages of grant. The 16 pending applications relate to, among other things, electrical-electronics, polymer, metallic, lighting and polymer-related products. Our India Business has 452 engineers located in five R&D centers, which are located in Pune and Aurangabad in India.

Our revenue for FY 2015, FY 2016, FY 2017 and 9M FY 2018 was ₹69,507.70 million, ₹82,189.00 million, ₹96,085.40 million and ₹73,939.01 million, respectively, and our earnings before interest, taxes, depreciation and amortization ("**EBITDA**") before exceptional items was ₹7,045.73 million, ₹5.915.65 million, ₹6,754.84 million and ₹6547.85 million, respectively. For 9M FY2018, our annualised return on average equity ("**RoE**") was 17.1% and our annualised return on capital employed ("**RoCE**") was 15.5%. Our net debt to equity ratio as of December 31, 2017 was 0.54. As of September 2017, our long term credit facilities are rated [ICRA] AA- (stable) and short term credit facilities are rated [ICRA] A1+ by ICRA Limited (the limits covered are ₹9,050 million bank lines, ₹1,000 million commercial paper program and ₹1,000 million non-convertible debentures).

Our Strengths

We believe that the following are our primary strengths:

Strong competitive position in attractive growing markets

Global Lighting Business

Our Global Lighting Business, which focuses on the design, manufacture and supply of exterior lighting for passenger vehicles, is the sixth-largest tier-1 automotive exterior lighting manufacturer globally and one of the top three independent exterior lighting players (by market share in 2016) (*Source: Yole*). Globally, the exterior lighting market for passenger vehicles has grown at a CAGR of 4.5% between 2011 and 2016 in terms of revenue, outpacing the CAGR of 3.8% in the overall market for passenger vehicles for the same period. The growth in the market is largely on account of (i) lighting becoming an increasingly prominent design and aesthetic feature in passenger vehicles, (ii) lighting playing a critical role in safety requirements and (iii) lighting technologies playing a greater role in energy efficiency and increased functionality, which together have led to higher penetration of more expensive and higher end lamps, such as LEDs, across car segments.

VLS has outperformed the overall passenger vehicle exterior lighting market. Having grown at a CAGR of 18.02% from FY2014 (Indian GAAP) to FY2017 (Ind AS) in terms of revenue (including our China JV's 50% share) in terms of revenue, VLS was the fastest-growing among the top six global automotive lighting suppliers during the period from 2014 to 2016 (*Source: Yole*). We believe VLS' growth is the result of growing our share of business with existing customers, winning new customer contracts, geographical expansion and the development of more technologically sophisticated products. For a description of industry trends in the automotive exterior lighting market, see "*Industry Overview*" beginning on page 129 of this Draft Red Herring Prospectus.

VLS seeks to capitalize on future growth in the passenger vehicle exterior lighting market. VLS has strategically positioned itself to benefit from the integration of more sophisticated technology in the automotive exterior lighting products, such as cameras, sensors, radars, and lidars, as it has the required R&D and engineering capabilities to accommodate the increasing importance of, and industry movement towards, software integration. VLS also brings to the market new technologies such as surface LED, 3D lighting, Adaptive Front Lighting Systems, Matrix LED, and Laser, which are higher margin as well as higher growth products and which Yole expects to continue to grow given the market's gradual transition to electric and autonomous vehicles. VLS is at an advantage to capture anticipated growth in demand for LED lighting and electric vehicles (*Source: Yole*). We seek to do this on account of our strong portfolio of LED lighting products and relationships with manufacturers of electric cars as well as its strong R&D and engineering capabilities. For further details see "-R&D Centers" beginning on page 209 of this Draft Red Herring Prospectus.

VLS' global footprint covers nearly all major passenger vehicle markets globally, including high growth markets such as China (through our China JV) and India. We expect our new plants in Morocco and Brazil to be completed in FY2019, following which VLS will be in a position to target 85% of the global automotive market. We are in discussions to acquire an exterior automotive lighting company in Turkey in FY2019.

India Business

We are the second largest Indian auto component group (by consolidated revenue for FY2017 (*Source: CRISIL Research*) and a leading tier-1 manufacturer and supplier to Indian two-wheeler and three-wheeler OEMs (by consolidated revenue for FY2017 (*Source: CRISIL Research*). We have strong and long-lasting relationships with key two-wheeler manufacturers such as Bajaj, Royal Enfield, Honda, Yamaha and Suzuki and a growing portfolio of products supplied. We are positioned to capture further business from these customers, in addition to generating further business in the Indian two-wheeler and three-wheeler markets more generally, particularly from within the Indian scooter and motorcycle markets, from both existing and new customers. The Indian two-wheeler market is one of the largest in the world (*Source: CRISIL Research*) and has grown at a CAGR of 6.3% over FY2013 to FY2017 (*Source: CRISIL Research*), and it is expected that the Indian two-wheeler market will grow at a CAGR of 8-10% over FY2017 to FY2020 (*Source: CRISIL Research*), in each case in terms of domestic sales. This projected growth is due to anticipated increases in demand both domestically and internationally in the two-wheeler segment, supported by factors such as a low penetration rate, a growing economy as well as strong export potential to OEMs outside India in other key two-wheeler markets and the three-wheeler segment.

Strong, long-standing customer relationships

We have strong, long-standing relationships with many of our customers. For example, in our Global Lighting Business, we have had a relationship with a large British car manufacturer since 2006. In our Indian Business, our longest-standing relationship is with Bajaj, who has been our customer since 1990 and whom we supply a wide variety of components. Our relationships with seven of our top 10 customers have lasted longer than 10 years. While we have many key customers who have been with us for a long time, we nevertheless have a diversified customer base and continue to add new customers, such as Renault-Nissan-Mitsubishi, Volvo, a Spanish automobile manufacturer and a German automobile manufacturer. Newly added customers for FY2018 and FY2019 include Dell'Orto S.p.A and Tata Cummins. In FY2017, we had only four customers who exceeded 10% of our consolidated revenue from operations individually, with our largest customer contributing 17% of our total invoiced amounts. Moreover, both our Global Lighting Business and our India Business are diversified across customers, with our top three customers for our Global Lighting Business accounting for 37.8% of our total invoiced amounts and our top three customers for our India Business accounting for 22.5% of our total invoiced amounts. Total invoiced amounts are different from our consolidated total revenue from operations.

Our Global Lighting Business' customers include marquee auto manufacturers across the premium, mid-range and mass market pricing spectrum, including Ford, Jaguar Land Rover, FCA, Groupe PSA, the VW Group, a European multinational car manufacturer and an American electric car manufacturer. Our extensive, low cost manufacturing footprint (see "*Low cost, strategically located manufacturing and design footprint*" which begins on page 185 of this Draft Red Herring Prospectus) allows us to act as a global platform for our lighting customers. For example, we supply goods to Ford in Europe, North America, South America and Russia. This global capability strengthens our customer relationships and makes us more likely to win key contracts, as many manufacturers look for vendors with supply chain capabilities across geographies. VLS' strong customer relationships are reflected in the fact that from FY2014 to FY2017 it increased the number of customers to whom it invoices over €5 million per year from seven to eleven.

Our Indian Business' customers include nearly all the major two-wheeler and three-wheeler OEMs, including Bajaj, Royal Enfield, Yamaha, Suzuki, Honda, Hero, Piaggio and Harley Davidson. The growing revenue that we have experienced with numerous customers, including Royal Enfield, Yamaha, Suzuki and Honda is indicative of our strong relationship with our customers. Moreover, we have further room to grow our revenue with new customers, such as Hero, who currently purchases only plastic and painted parts from us. Our customers have provided us with numerous awards, which are described below in "*Awards*" beginning on page 216 of this Draft Red Herring Prospectus.

We are continually working with customers on value engineering projects for product cost optimisation, and the savings from these projects are shared with our customers. For example, we are developing light weighting and high craftsmanship seating for Bajaj, metal to plastic conversion for Royal Enfield, and weight reduction of seats and plastics for Honda and Yamaha. Moreover, liaising with our key customers in relation to the specifications of new product developments strengthens our relationship with these customers and results in increased customer dependence on us. For example, we have technology partnerships with an American multinational car manufacturer, through which we are utilising common modules to deliver cutting edge matrix and laser technology to them, such as matrix headlamps and cross-carline matrix and laser modules.

Comprehensive product portfolio

We have a comprehensive portfolio of products in the markets in which we operate, which allows us to be a one-stop-shop for our customers and to cross-sell our products. Our Global Lighting Business has a broad portfolio of lighting technologies, including Halogen, Xenon/high-intensity discharge, LED, Matrix LED, high definition MEMS and DMD, surface LED and OLED module, Flex LED and LED Pixel headlamp, covering the five automotive external lighting product lines. Our India Business offers a diverse range of products catering to two-wheelers, three-wheelers, passenger vehicles, commercial vehicles and off-highway vehicles across our business segments of polymers/plastics, electrical-electronics and precision metallic components. Our comprehensive product portfolio is engine agnostic as it is capable of being used across all fuel types. Given that we offer products for use in a variety of vehicle types, our revenue is diversified across market segments, with 66.9% and 61.8% of our consolidated total invoiced amounts for FY2017 and 9M FY2018 attributable to four-wheelers, 31.1% and 35.3% to two-wheelers and three-wheelers and 2.1% and 2.9% to others, respectively. Moreover, we are a supplier of external lighting systems to a leading electric vehicle manufacturer.

In order to increase our share of business with customers, we typically enter into a new customer relationship with one particular product line, seeking to demonstrate the quality and cost efficiency of our products and services and then strengthen our relationship by expanding into other product segments. This allows us to grow our overall business and become their supplier of choice across segments. This strategy has allowed us to deepen our relationships with customers, as well as offer more product segments per customer, as demonstrated by our over EUR 34.0 million in annual sales in FY2017 of rear lamps and related components and over EUR 14.0 million in annual sales of head lamps to a large European car manufacturer.

Our strength in our product portfolio is shown by the fact that we have significant presence and significant customer relationships in each of our product segments. By way of example, in our Global Lighting Business, we are leaders in the electric vehicles market having the second largest share (*Source: Yole*). In our India Business, across verticals, we have 56 customers in our Polymer segment, 20 customers in our Electrical segment and 58 customers in our Metallic segment.

Low cost, strategically located manufacturing and design footprint

We have a global footprint of 36 manufacturing facilities spread across seven countries, with six facilities for our Global Lighting Business, 25 for our India Business and five for our Other Businesses. Given our global presence, our revenue stream is diversified both geographically as well as across customers. In FY2017, our largest customer contributed 17.0% of our total invoiced amounts (19.5% in 9M FY2018) and our top five customers contributed 64.5% of our total invoiced amounts (61.7% in 9M FY2018). We had 36.6% of our revenue in FY2017 from customers in Europe (39.8% in 9M FY2018), 32.7% from customers in India (35.7% in 9M FY2018), 20.4% from customers in the United States of America (17.0% in 9M FY2018), 0.6% from customers in the Asia Pacific region (0.6% in 9M FY2018) (excluding India and our China JV, which we account for via the equity method), and 9.7% from customers elsewhere (6.8% in 9M FY2018).

For our Global Lighting Business, we have global production, engineering and customer support capabilities, focused on quality, cost and delivery. In order to achieve these goals, we locate our facilities primarily in low-cost countries near major automotive markets and we have made further investments to expand into new countries such as Brazil and Morocco, which allow us to keep costs low while meeting our customers' supply needs across geographies. In line with this strategy, we are in discussions to acquire an exterior automotive lighting company in Turkey in FY2019.

For our India Business, our facilities are spread across the key Indian automotive hubs, covering the polymer, electrical/electronics and metallic divisions and including our R&D centers. We focus on flexibility in our manufacturing operations, seeking to align our manufacturing capabilities closely to our customers' demands while simultaneously managing costs. Accordingly, we locate our Indian facilities to be in close proximity to major OEMs in India, which leads to greater cost effectiveness, quicker product launches, and faster turn-around times, allowing us to serve our customers' needs in a timely manner. This positioning gives us a competitive advantage over other market players who cater to their customers from less distributed manufacturing bases and hence incur heavy transportation costs. At the same time, we are careful to prevent fragmentation of our manufacturing base network by utilising warehouse space in close proximity to our customers to ensure timely supplies and to avoid the unnecessary capital expenditure we would incur from setting up facilities with sub-optimal capacities. We also limit the number of manufacturing locations to maximize economies of scale and save substantial amounts in capital expenditure. Furthermore, this, as well as the close proximity of the seven warehouses utilized by us to our customer hubs, enables us to mitigate the additional costs of transportation.

In 9M FY2018, FY2017, FY2016 and FY2015, our R&D costs were ₹3,171.51 million, ₹3,636.73 million, ₹2,445.44 million and ₹2,513.56 million, respectively, which represented 4.29%, 3.78%, 2.98% and 3.62% of our revenue, respectively.

Further, we have a strong position from a costs perspective, as we have developed footprints in countries with low labour costs (such as in Mexico or the Czech Republic), thus benefiting from low cost engineering compared to the average engineering cost in European countries. For example, the average hourly labor cost in the Czech Republic in 2016 was just $12.07 (*Source: Yole*), which was well below the EU average of $29.97.

Robust in-house technology, innovation and R&D capabilities

Our key focus is on the development of in-house R&D capabilities in order to manufacture technologically advanced automotive components in cost-effective ways so that sophisticated technological solutions are made accessible to the larger mass markets. Technology capability is essential for automotive component manufacturers to remain competitive in the future, especially with global trends regarding restrictions on emission volumes, as well as other trends such as, autonomous driving, electrification, shared mobility and connectivity. Our R&D teams are focused on quick adoption of technology, enabling us to grow our product portfolio in line with customer expectations and industry developments.

For our Global Lighting Business, we focus our R&D efforts on designing and developing products and technology solutions that are capable of being adopted by our customers across large product platforms. For example, we developed a Matrix LED and Laser Headlamp for two new models of a British car manufacturer, following receipt of specifications from the manufacturer. Most of our R&D centers are located in low-cost geographies, such as India, the Czech Republic, Poland and Mexico, which, as the technology content of our products is increasing, we believe will give us a growing competitive advantage. Our Global Lighting Business has approximately 900 engineers located in nine R&D centers, which are located in the Czech Republic, India, China (through our China JV), Mexico, Germany and the United States of America. We have a new R&D facility which started operations in 2018 in Poland. Our R&D focus has allowed us to establish a presence in key emerging technologies (such as LED) as well as a broad portfolio of headlamp technologies (such as matrix LED and laser), and to supply products for electric vehicles. Our Global Lighting Business had 184 patents as of December 31, 2017.

Our R&D efforts at our India Business seek to capitalize on emerging trends such as the increased use of electronics, stricter environmental regulations, emission reduction and light-weighting of vehicles, as well as the emergence of new technologies such as multi-point fuel injection. For example, we have invested in the development of Mucell Technology (which we are using for the purpose of reducing product weight), and we are also developing products focusing on craftsmanship, noise vibration and harshness, comfort and safety compliance. Moreover, the Ministry of Road Transport and Highways, India has mandated the adoption of the BS VI emission standards by April 1, 2020, as part of which two and three-wheelers in India are expected to introduce electronic fuel injection systems. We have already begun engaging with our customers to provide electronic fuel injection systems starting from 2020, and on February 13, 2018, we signed a joint venture agreement with Dell'Orto, S.p.A. for such development. We develop our own electronics, control and software, and as at December 31, 2017 have filed 14 applications with the Controller General of Patents, Designs and Trade Marks in India and two applications with the World Intellectual Property Organisation for 16 patents which are at various stages of the application process. The 16 pending applications relate to, among other things, electrical-electronics, polymer, metallic, lighting and polymer-related products. We have 452 engineers located in five R&D centers, which are located in Pune and Aurangabad, in India.

Consistent track record of growth and operational and financial efficiency

We commenced operations with our polymer business in 1990, which was founded in Aurangabad, Maharashtra, India by Mr. Tarang Jain, our Managing Director, who has nearly 30 years of experience in the automotive industry. We initially grew organically in India by adding new business lines, such as our electrical division and metallic division. Subsequently, we diversified our product offerings and expanded our production capacity through various investments, joint ventures and acquisitions. Our acquisitions most notably included our 2012 acquisition of the global lighting business of Visteon, now known as VLS. Prior to the acquisition of the global lighting business of Visteon, in 2007 we acquired I.M.E.S (a manufacturer of hot steel forged parts for the construction and oil and gas industries) in Italy and in 2011 we acquired Triom (a manufacturer of high end lighting systems for global motorcycle OEMs) with manufacturing units in Romania, Vietnam and Mexico.

Since 2012, we have invested in nine manufacturing plants in India, with two in each of Maharashtra, Tamil Nadu and Karnataka, and one in each of Gujarat, Madhya Pradesh and Rajasthan and one R&D center, which is located in Aurangabad. In managing our expansion, our focus is on creating value in the investment or acquired assets, for which we have a strong track record. Having successfully integrated and improved the operating performance of our international acquisitions, we are now looking to growing our international business organically, as evidenced by the ongoing development of two new plants in Brazil and Morocco, which we expect to commence operations in FY2019. We are also in discussions to acquire a lighting company in Turkey in FY2019.

Given our organic and inorganic growth globally, our Global Lighting Business has managed to outperform growth in the overall global exterior lighting market, with a CAGR of 18.02% from FY2014 (Indian GAAP) to FY2017 (Ind AS) (including our China JV's 50% share) in terms of revenue growth, as compared to competitors' CAGR of 10.2% or lower (*Source: Yole*). Further, we have also managed to increase our EBITDA margins (before exceptional items) by 30.09% (CAGR) over FY2014 (Indian GAAP) to FY2017 (Ind AS) (including our China JV's 50% share) and consequently, our EBITDA has grown by 120.15% from FY2014 (Indian GAAP) to FY2017 (Ind AS), going from ₹2,263.09 million in FY2014 to ₹4,982.14 million in FY2017 (including our China JV's 50% share).

We have managed to achieve growth and maintain a healthy balance sheet and profitability while doing so. Our group revenue for the period has increased from ₹69,507.70 million to ₹96,085.40 million in the period from FY2015 to FY2017, and was ₹73,939.01 million for 9M FY2018. Moreover, we have low leverage, with a net debt-to-equity ratio of 0.54 as of December 31, 2017. As of September 2017, our long term credit facilities are rated [ICRA] AA- (stable) and short term credit facilities are rated [ICRA] A1+ by ICRA Limited (the limits covered are ₹9,050 million bank lines, ₹1,000 million commercial paper program and ₹1,000 million non-convertible debentures).

We have a track record of improving the operational and financial efficiency of our businesses. In particular, since our acquisition of our Global Lighting Business (formerly Visteon's lighting business) in 2012, we have improved the performance of that business across a number of key metrics through a continued effort to streamline operations and improve customer relationships. For example, at our Mexico plant, we undertook a gradual process of replacing inefficient practices, through measures such as labour rationalisation and reducing scrap in order to improve operating margins. This process has transformed a previously loss-making plant into a profitable one. From FY2014 (Indian GAAP), the first full year that we owned our Global Lighting Business, to FY2015 (Ind AS), we increased revenue and EBITDA at our Global Lighting Business from ₹41,905.49 million and ₹2,263.09 million to ₹68,892.51 million and ₹4,982.14 million for FY 2017 (including our China JV's 50% share), respectively, a CAGR of 18.02% and 30.09%, respectively.

Our Strategies

Focus on high growth markets for our Global Lighting Business

The global exterior automotive lighting market is expected to grow at a CAGR of 4.3% between 2016 and 2021 (*Source: Yole*). Such growth is driven by the trend towards autonomous driving and connectivity between cars, with lighting becoming an increasingly prominent design and aesthetic feature, as well as playing a critical role in safety requirements and lighting technologies playing a greater role in energy efficiency and design flexibility. As such, we are looking to expand our market share in the global exterior automotive lighting market, including projection systems, signalling functions and electronics.

Historically, while still part of Visteon, our Global Lighting Business had relationships with customers such as Jaguar Land Rover and a central European car manufacturer. Since our acquisition of Visteon's lighting business in 2012, we have grown our relationships with existing customers and expanded our customer base to include new OEMs such as the VW Group, Renault-Nissan-Mitsubishi and Volvo Truck. With our cost efficient and global manufacturing footprint, we are well-positioned to continue to serve our customers' needs across different car models and geographies.

Our aim is to become a globally preferred lighting systems provider to automotive OEMs. In order to capture global growth in the exterior lighting segment (which the Yole Report defines as comprising headlamps, rear lamps and other small lamps), we intend to expand our international footprint through the development of new plants in Brazil and Morocco, in order to open up the South American, southern European and north African markets. These markets, in addition to the Indian and Chinese markets, together accounted for more than 80% of passenger car and LCV sales by volume in 2016 (*Source: Yole*). This increased global footprint will not only give access to additional markets, but also deepen our customer engagement (mainly with Renault-Nissan-Mitsubishi and a large European car manufacturer) and improve our ability to service existing customers, many of whom look for single source suppliers across the globe for their product lines.

Through our China JV, we currently have two plants and two R&D centers in China. With our current footprint in China, we cover two major automotive clusters in the east and west of China. Our current main customers are Changan Ford Automobile Company Ltd, Chang'an Automobile (Group) Co., Ltd., Dongfeng Peugeot-Citroën Automobile Limited, Jiangling Motors Corporation Limited, Zhejiang Geely Holding Group Co., Ltd and Chery Jaguar Land Rover Automotive Co., Ltd. We target global platforms with global OEMs, as well as the local SUV and the growing electric car segments.

Focus on increasing customer revenue for our India Business

India is the second largest two-wheeler manufacturer in the world (after China), and the production of two-wheelers in India grew at a 5% CAGR between FY2012 and FY2017. Demand from India grew at a 7% CAGR during calendar years 2013 to 2016, with domestic sales of 17.7 million units in 2016, whilst China's sales fell at a 10% CAGR during the same period (*Source: CRISIL Research*). Overall domestic two-wheeler production is expected to grow at a robust pace of 8-10% CAGR in the next three years to reach around 26.3 million units by FY2020. Domestic sales are also estimated to grow at a similar pace of 8-10% during this period, whilst exports are expected to increase at a faster pace of 9-11% from the 2017 base. (*Source: SIAM and CRISIL Research*). By contrast, domestic sales across Indonesia, Vietnam and Thailand, all of whom saw consecutive years of negative sales growth prior to 2016, cumulatively totalled 10.7 million units *(Source: CRISIL Research)*. The primary demand drivers for the Indian domestic two-wheeler industry are improving affordability and lower cost of ownership, whilst the key growth drivers for two-wheeler industry exports are rising crude oil prices and a focus on other markets. Given the high exposure of two-wheelers in rural areas, they depend, in turn, on trends in rural incomes and infrastructure (*Source: CRISIL Research)*.

In addition to benefiting from the overall growth in the Indian two-wheeler and three-wheeler markets, we also intend to increase our revenue with our existing customers by expanding the array of our existing products that we supply to them and by continuing to develop technology solutions aligned with their needs. Our pan-India manufacturing footprint provides us with the ability to be close to our customers across key automotive manufacturing hubs in India, and we seek to foster customer loyalty by being closely attuned to each of their needs. For example, knowing that just-in-time delivery is especially important for polymer products, all our polymer plants are located very close to our customers in order to best service their needs.

In particular, our growing business with Hero and Honda, India's two largest two-wheeler OEMs, provides us with significant opportunities to capitalize on the growing market for scooters and motorcycles in India. There is substantial room for growth in the value of products we supply to these customers, as they currently constitute a small part of our customer portfolio. In the past we supplied Hero with painted parts and plastic parts and in 2017 we started supplying crank pins, head lamps, tail lamps and lighting parts to Hero. As for Honda, we are co-located with all four Honda plants which gives us a strategic advantage over our competitors. In the past we supplied them with seats, painted body parts and moulded body parts, and in 2017 we also started supplying plastic parts, pufoam parts, speedometer assemblies, starter motors, transmission assemblies and gears to them.

In addition, we have a growing revenue in the passenger vehicle and commercial vehicle segments in India for both our lighting and polymer businesses. Since 2012, we have seen a growth in revenue from our business relationships with Mahindra, Volvo Truck, VECV and Renault-Nissan-Mitsubishi.

Continue to invest in our R&D, design, engineering and software capabilities in order to capitalize on future trends

We plan to continue expanding our R&D, engineering and software development capabilities in order to capture future growth trends. We seek to expand our capabilities in a cost efficient manner, by focusing on low-cost geographies nearby major automotive markets, in order to expand our capabilities in a cost-efficient manner. For example, in India we established a R&D facility specifically catering to VLS , which provides support to our core R&D facility in the Czech Republic. Moreover, we established a new R&D facility in Poland which started operations in 2018.

By focusing on technology, we seek to benefit from key trends in the automotive industry, including electric vehicles, emission reduction and shared mobility. For our Global Lighting Business, our experience in complex electrical systems, software development and hardware integration has enabled us to increase business with automotive OEMs leading in electric vehicle technology such as Renault-Nissan-Mitsubishi, in addition to a large British car manufacturer, a large European car manufacturer and an American electric car manufacturer. For emission reduction, we are committed to developing technology and additional expertise in electronic fuel injection systems, light weighting, passive cooling solutions for lighting thermal management and other technologies. For shared mobility, we are developing microelectromechanical systems and digital micro-mirror devices for advances safety, as well as customisable lighting products and software expertise that allow for a higher degree of personalisation in order to provide a feeling of "ownership" for the customer.

For our India Business, our R&D efforts seek to capitalize on emerging trends such as increased use of electronics, stricter environmental regulations, emission reduction and light-weighting of vehicles, as well as the emergence of new technologies such as multi point fuel injection. In particular, we seek to capitalize on the migration to BS-VI emission standards in India through our continuing development of emission reduction and light-weighting technologies. For example, in January 2018 we signed a letter of intent with a technology group based in Germany regarding the development of catalytic converter technology for use in India that would comply with the BS-VI emission standards and future legislation. Additionally, on February 13, 2018, we entered into a joint venture with Dell'Orto S.p.A., for the production, marketing and sale of electronic fuel injection control systems. We also intend to leverage our strength in polymers and lighting, which are closely aligned with light-weighting trends, to further our relationships with passenger vehicle and commercial vehicle OEMs in India. For further details see "*Focus on increasing customer revenue for our India Business*" at page 187 of this Draft Red Herring Prospectus.

Pursue strategic joint ventures and inorganic growth opportunities

We intend to actively pursue acquisitive opportunities and strategic alliances with targets that are complementary to our business. We are mainly focused on growing existing product lines, such as automotive lighting and electronics for the global exterior automotive lighting market. While we will continue to focus on the polymer, electrical and metallic businesses within India, we will also continue to be disciplined in evaluating complementary businesses in India to increase our focus on other segments if necessary. In particular, we will seek to make acquisitions that provide us with access to new technologies, or new customers, or new geographies. For example, we have recently acquired Team Concepts, a manufacturer of auto accessories in Bangalore with Japanese OEMs as key customers, and we are in discussions to acquire an exterior automotive lighting company in Turkey in FY2019.

We have historically entered into joint ventures and agreements with a number of partners in order to ensure we gain access to new technologies, advanced manufacturing know-how, and access to new customers and geographies. For example: (i) with the acquisition of Visteon, we acquired a substantial portion of assets comprising of the lighting business of Visteon Corporation and we subsequently acquired Vieston's 50% shareholding in a joint venture with TYC, established for the manufacture and sale of the automotive and motorcycle lighting systems and components in China; (ii) we entered into a joint venture with Dell'Orto S.p.A. in India, in which we have 50% shareholding, for the production, marketing and sale of electronic fuel injection control systems globally, with the exception of Europe and China. We have also entered into an intellectual property equal co-ownership agreement dated February 13, 2018 with Dell'Orto S.p.A., whereby we have been assigned and transferred a 50 percent share in the intellectual property rights and confidential information owned by Dell'Orto S.p.A. in relation to the manufacture, design, development, assembly, testing and delivery of the electronic control unit system (as a component of the electronic fuel injection system) ("**Assigned IP**"), for global usage with the exceptions of China and Europe, provided that Dell'Orto S.p.A. and our Company shall equally and jointly own the intellectual property and Assigned IP and any improvements thereon in the permitted territories; (iii) we entered into a tripartite technical and marketing support agreement, through which we receive support in Europe regarding the development, sales, marketing, logistical support and engineering of engine valves and other vehicle components; and (iv) in January 2018 we signed a letter of intent regarding the development of catalytic converter technology for use in India that would comply with the BS-VI emission standards and future legislation.

We have a track record of successfully completing and integrating acquisitions and benefiting from our participation in joint ventures and strategic alliances. Our low leverage in particular provides us with the ability to quickly react to inorganic opportunities that may present themselves.

Focus on operational efficiency

We also focus on operational efficiency in order to improve returns in a rapidly changing technological environment. Within each production facility in India and internationally, we have sought to improve efficiencies, streamline our capacity and asset utilisation and manage our capital expenditure. For example, we have implemented various initiatives to lower costs, such as purchasing raw materials in bulk to take advantage of promotions and economies of scale.

We apply a lean manufacturing standard in the Global Lighting Business, which we refer to as the Varroc Excellence System ("**VES**"). VES is structured to boost industrial efficiencies and increase profits and operating cash flows by reducing costs and eliminating waste in excessive stocks, workforce and processes. Through the VES, VLS aims to achieve operational excellence by meeting our key goals of "Superior Quality", "Lowest Cost", "Timely Delivery" and "Highest Motivation", which we pursue through the three pillars of flow management, people development and quality enhancement. By focusing on these elements, we seek to achieve: (i) zero defects, by implementing scheduled maintenance and monitoring in order to detect and remove the causes of such defects; (ii) zero waste, by reviewing manufacturing methods to manage and minimize excess produce; (iii) zero lead time, by managing product processes and delivery times; and (iv) zero accidents, by focusing on training and safety.

VLS's global industrialisation team is directly responsible for the global result of the VES strategy and agrees targets and goals with the Board of Directors of VLS for each fiscal year. Plant managers are responsible for aligning their respective facilities to the global vision across daily Key Performance Indicators ("**KPIs**"), which are standardized across the Global Lighting Business.

For our India Business, we have implemented total preventive maintenance ("**TPM**") in order to help ensure high quality, low costs and on-time delivery for our customers. Our TPM initiatives focus on improving the efficiency of production and support functions by identifying and eliminating losses. For example, on the shop floor, we conduct activities to eliminate major losses that affect equipment and achieve higher OEE, production per hour, production per headcount and lower costs. We have also received TPM Awards for our 12 plants from our largest customer, Bajaj, during 2008-2014. The practices which we have put in place at our manufacturing plants, Business Units and at group level are, among others, (i) the development of the periodic TPM audit system in 2011 to ensure the effective implementation and improvement of the TPM system, (ii) the development of TPM knowledge through the preparation of a methodology manual and (iii) the TPM pillars awareness book in 2014. Each Business Unit Head and Business Unit management team is directly responsible for business results and, together with the Board of Directors, define the goals for each fiscal year. Each Plant Head is responsible for aligning the respective facilities to the group's vision, mission, business plans, KPIs and project themes, which are standardized across the units and plants of our India Business.

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from our Restated Financial Information. The summary financial information presented below has been prepared for Fiscals 2017, 2016 and 2015 and for nine-month period ended December 31, 2017 taking Ind AS as the base and for Fiscals 2014 and 2013 taking Indian GAAP as the base as well as the Companies Act and restated in accordance with the SEBI ICDR Regulations and are presented in the section "Financial Statements" on page 263. The summary financial information presented below may differ in certain significant respects from generally accepted accounting principles in other countries, including IFRS. The summary financial information presented below should be read in conjunction with our Restated Financial Information, the notes and annexures thereto and the section "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 529.

RESTATED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS PER IND AS

(*₹in million*)

Particulars	As at December 31, 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015 (Proforma)
ASSETS				
Non current assets				
Property, plant and equipment	24,234.91	22,512.05	19,748.54	17,208.36
Capital work-in-progress	2,761.09	2,464.58	2,635.97	1,487.98
Investment properties	141.92	146.34	152.13	157.92
Goodwill	334.72	150.82	150.82	150.82
Other Intangible assets	1,476.99	1,146.00	1,209.63	1,068.06
Intangible assets under development	750.66	460.80	517.05	286.99
Investments accounted for using the equity method	3,225.83	2,927.07	2,643.13	1,959.16
Financial assets				
Investments	3.41	0.20	0.20	0.20
Loans	101.34	82.59	63.76	58.52
Other financial assets	220.93	759.19	827.70	1,169.18
Income tax assets (Net)	96.46	153.03	161.50	144.18
Deferred tax assets	614.53	130.21	132.44	-
Other non-current assets	831.49	486.09	628.91	420.61
Total non-current assets	34,794.28	31,418.97	28,871.78	24,111.98
Current assets				
Inventories	8,503.87	7,534.72	6,828.87	5,861.03
Financial assets				
Investments	220.13	-	119.40	223.16
Trade receivables	15,446.16	11,382.85	11,852.03	10,714.49
Cash and cash equivalents	1,844.29	3,500.27	1,636.13	561.31
Other bank balances	13.25	40.27	134.67	129.02
Loans	56.02	42.29	39.79	36.59
Other financial assets	2,674.87	3,012.51	1,375.73	457.60
Other current assets	1,552.54	1,671.92	1,600.15	2,189.50
Total current assets	30,311.13	27,184.83	23,586.77	20,172.70
Total Assets	65,105.41	58,603.80	52,458.55	44,284.68
EQUITY AND LIABILITIES				
Equity				
Equity and Preference share capital	134.81	134.81	262.37	96.14
Other equity				
Reserves and surplus	24,768.28	21,683.36	15,609.23	10,741.21
Other reserves	1,219.62	35.58	1,757.17	(12.46)
Equity attributable to owners	26,122.71	21,853.75	17,628.77	10,824.89
Non-controlling interests	202.20	201.59	202.81	214.46
Total equity	26,324.91	22,055.34	17,831.58	11,039.35

(*₹ in million*)

Particulars	As at December 31, 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015 (Proforma)
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
Borrowings				
(i) Borrowings other than covered under (ii) below	6,754.29	7,552.71	5,573.49	4,336.71
(ii) Liability portion of CCPS	-	-	2,060.40	5,894.77
Other financial liabilities	109.85	91.17	74.70	101.51
Provisions	902.09	740.04	765.35	754.62
Deferred tax liabilities (Net)	406.95	130.04	472.74	622.02
Other non-current liabilities	256.79	83.17	79.46	120.40
Total non-current liabilities	8,429.97	8,597.13	9,026.14	11,830.03
Current liabilities				
Financial liabilities				
Borrowings	7,145.15	5,991.90	6,418.73	3,830.46
Trade payables				
Total outstanding dues of micro enterprises and small enterprises	17.56	25.59	26.88	55.10
Total outstanding dues other than micro enterprises and small enterprises	15,698.56	15,036.43	12,139.72	9,773.87
Acceptances	400.01	434.92	524.10	464.26
Other financial liabilities	4,706.73	4,691.51	4,996.37	4,754.21
Provisions	537.06	597.32	258.27	139.78
Current tax liabilities (Net)	29.19	178.90	138.22	16.28
Other current liabilities	1,816.27	994.76	1,098.54	2,381.34
Total current liabilities	30,350.53	27,951.33	25,600.83	21,415.30
Total liabilities	38,780.50	36,548.46	34,626.97	33,245.33
Total equity and liabilities	65,105.41	58,603.80	52,458.55	44,284.68

RESTATED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AS PER IND AS

(*₹ in million*)

Particulars	For nine months period ended December 31, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)
Revenue				
Revenue from operations	73,939.01	96,085.40	82,189.00	69,507.70
Other income	215.20	937.29	206.20	876.94
Total income	74,154.21	97,022.69	82,395.20	70,384.64
Expenses				
Cost of materials consumed	44,461.07	59,731.20	49,906.32	41,911.02
Purchases of stock-in-trade	696.93	987.92	1,098.09	487.01
Changes in inventories of work-in-progress, stock-in-trade and finished goods	(289.44)	(351.60)	(511.93)	(467.43)
Excise duty	997.85	3,097.52	3,096.79	1,807.78
Employee benefits expense	9,590.77	12,037.50	10,399.27	9,022.48
Depreciation and amortisation expense	2,792.92	3,370.83	2,922.45	2,539.73
Other expenses	12,149.18	14,765.31	12,491.01	10,578.05
Finance costs				
(i) Finance costs other than covered under (ii) below	614.88	862.36	840.96	974.35
(ii) Imputed interest and changes in cash flow estimates on liability portion of CCPS	-	41.60	(1,267.47)	3,780.43
Total expenses	71,014.16	94,542.64	78,975.49	70,633.42
Profit before exceptional items, share of net profits of investments accounted for using equity method and tax	3,140.05	2,480.05	3,419.71	(248.78)
Share of net profits of investments accounted for using the equity method	532.29	791.88	498.26	364.78
Profit before exceptional items and tax	3,672.34	3,271.93	3,917.97	116.00
Exceptional item	-	-	-	517.51
Profit before tax	3,672.34	3,271.93	3,917.97	633.51
Income tax expense				
Current tax	851.21	574.36	517.56	359.19
Deferred tax	(258.46)	(336.32)	(297.82)	106.23
Total tax expense	592.75	238.04	219.74	465.42
Profit for the period/ year	3,079.59	3,033.89	3,698.23	168.09
Other comprehensive income				
Items that may be reclassified to profit or loss				
Exchange differences in translating the financial statements of foreign operations	1,179.28	(836.29)	880.81	(898.12)
Deferred losses on cash flow hedges (net of tax)	4.76	0.36	(9.30)	-
	1,184.04	(835.93)	871.51	(898.12)
Items that will not be reclassified to profit or loss Remeasurements of defined benefit obligations(net of tax)	5.72	(25.92)	23.73	(60.46)
	5.72	(25.92)	23.73	(60.46)
Other comprehensive income for the period/ year (net of tax)	1,189.76	(861.85)	895.24	(958.58)
Total comprehensive income for the period/	4,269.35	2,172.04	4,593.47	(790.49)

(*₹in million*)

Particulars	For nine months period ended December 31, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)
year				
Profit attributable to:				
Owners	3,079.20	3,030.10	3,693.59	129.57
Non-controlling interests	0.39	3.79	4.64	38.52
Other comprehensive income attributable to:				
Owners	1,189.76	(861.21)	894.77	(958.21)
Non-controlling interests	-	(0.64)	0.47	(0.37)
Total comprehensive income attributable to:				
Owners	4,268.96	2,168.89	4,588.36	(828.64)
Non-controlling interests	0.39	3.15	5.11	38.15
Earnings per equity share attributable to Owners				
Basic	22.84	27.74	38.42	1.35
Diluted	22.84	27.21	21.77	1.35

RESTATED CONSOLIDATED STATEMENT OF CASH FLOWS AS PER IND AS

(*₹ in million*)

Sr. No.	Particulars	For nine months ended December 31, 2017		Year ended March 31, 2017		Year ended March 31, 2016		Year ended March 31, 2015 (Proforma)	
A	Cash flow from operating activities								
	Net Profit before tax		3,672.34		3,271.93		3,917.97		633.51
	Adjustments for:								
	Depreciation and amortization expense	2,792.92		3,370.83		2,922.45		2,539.73	
	Loss/ (Profit) on sale of Property, plant and equipment/Intangible assets	3.34		5.82		(17.72)		10.13	
	Provision for doubtful debts and advances	9.29		44.89		41.51		-	
	Finance costs	614.88		862.36		840.96		974.35	
	Gain on sale of current investments	(2.38)		(59.41)		(10.70)		(22.18)	
	Share in profit of Joint Venture accounted for using the Equity Method	(532.29)		(791.88)		(498.26)		(364.78)	
	Imputed interest and changes in cash flow estimate on liability portion of CCPS	-		41.60		(1,267.47)		3,780.43	
	Profit on sale of subsidiary (net)	-		-		-		(517.51)	
	Rent income from Investment property	(24.38)		(31.89)		(29.64)		(35.63)	
	Government grants	(104.73)		(117.31)		(46.56)		(55.79)	
	Interest income	(4.74)	2,751.91	(15.03)	3,309.98	(27.43)	1,907.16	(20.54)	6,288.21
	Operating profits before working capital changes		6,424.25		6,581.91		5,825.13		6,921.72
	Adjustments for changes in:								
	Inventories	(434.40)		(1,023.00)		(949.11)		(1,115.10)	
	Trade receivables	(3,199.10)		(155.07)		(2,431.93)		(2,452.36)	
	Other Assets	1,458.53		(2,021.77)		209.42		34.78	
	Trade payables	(562.89)		3,380.50		1,820.45		(1,750.74)	
	Other liabilities and Provisions	410.52		514.35		(1,164.33)		219.55	
			(2,327.34)		695.01		(2,515.50)	-	(5,063.87)
	Cash generated from operations		4,096.91		7,276.92		3,309.63		1,857.85
	Taxes paid		(951.41)		(511.92)		(404.72)		(574.44)
	Net cash generated from operating activities		3,145.50		6,765.00		2,904.91		1,283.41
B	Cash flow from investing activities								
	Dividend received	240.22		202.40		4.85		-	
	Interest received	4.74		15.03		30.92		20.54	
	Government grant received during the period	21.81		-		-		-	
	(Purchase)/ proceeds from sale of current investments (net)	(217.75)		178.80		114.46		341.85	
	(Purchase)/ proceeds from sale of non current investments (net)	(3.21)		65.20		-		-	
	Rent received on investment properties	24.38		31.89		29.64		35.63	

(₹ *in million*)

Sr. No.	Particulars	For nine months ended December 31, 2017		Year ended March 31, 2017		Year ended March 31, 2016		Year ended March 31, 2015 (Proforma)	
	Acquisition of business, net of cash acquired	(500.94)		-		-		(54.98)	
	Proceeds from Sale of Subsidiary	-		-		-		414.30	
	Proceeds from sale of Property, plant and equipment	112.67		45.08		69.19		17.83	
	Purchase of Property, plant and equipment	(4,263.87)		(6,288.75)		(6,061.39)		(3,526.19)	
	Fixed deposits redeemed (net)	8.27		96.00		0.55		97.37	
	Capital subsidy received	-		-		26.57		199.75	
	Net cash used in investing activities		(4,573.68)		(5,654.35)		(5,785.21)		(2,453.90)
C	Cash flow from financing activities								
	Increase in borrowings	283.83		1,838.60		4,752.36		1,717.99	
	Dividend on equity and preference shares including tax thereon	-		(45.90)		(41.71)		(36.74)	
	Interest paid	(571.43)		(856.18)		(849.88)		(978.16)	
	Net cash generated from financing activities		(287.60)		936.52		3,860.77		703.09
	Net increase/ (decrease) in Cash and Cash Equivalents		(1,715.78)		2,047.17		980.47		(467.40)
	Opening cash and cash equivalents		3,053.21		1,118.61		105.95		975.30
	Effect of exchange difference on translation of foreign currency cash and cash equivalents		360.87		(112.57)		32.19		(401.95)
	Total		3,414.08		1,006.04		138.14		573.35
	Closing cash and cash equivalents		1,698.30		3,053.21		1,118.61		105.95

(₹ *in million*)

Particulars	For nine months ended December 31, 2017	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015 (Proforma)
Cash and cash equivalents consists of				
Cash in hand	2.50	2.10	2.22	2.54
Bank balances				
Current accounts	1,841.79	3,498.17	1,633.91	558.77
Bank overdraft	(145.99)	(447.06)	(517.52)	(455.36)
	1,698.30	**3,053.21**	**1,118.61**	**105.95**

RESTATED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS PER IGAAP

(*₹ in million*)

Particulars	As at 31 March 2014	As at 31 March 2013
Equity and Liabilities		
Shareholders' funds		
Share Capital	404.66	104.66
Reserves and Surplus	10,544.56	7,001.56
	10,949.22	7,106.22
Minority Interest	305.46	232.12
Non- current liabilities		
Long-term borrowings	6,367.84	8,777.83
Deferred tax liabilities (net)	499.72	539.19
Other long term liabilities	188.39	190.61
Long-term provisions	563.82	535.78
	7,619.77	10,043.41
Current liabilities		
Short term borrowings	2,346.92	2,036.86
Trade payables	11,397.27	9,398.59
Other current liabilities	6,496.74	4,579.22
Short term provisions	543.03	568.30
	20,783.96	16,582.97
Total	39,658.41	33,964.72
Assets		
Non-current assets		
Fixed assets		
Tangible assets	13,389.46	11,820.27
Intangible assets	1,430.44	697.07
Capital work-in-progress	3,125.92	3,467.40
Intangible assets under development	60.71	296.07
Non-current investments	500.17	12.20
Long-term loans and advances	591.52	305.11
Other non-current assets	66.70	15.11
Goodwill on consolidation	275.07	250.30
	19,439.99	16,863.53
Current assets		
Current investments	537.28	16.50
Trade receivables	7,731.73	8,186.90
Inventories	7,778.03	5,340.10
Cash and bank balances	2,560.09	1,863.40
Short-term loans and advances	1,356.46	1,453.52
Other current assets	254.83	240.77
	20,218.42	17,101.19
Total	**39,658.41**	**33,964.72**

RESTATED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AS PER IGAAP

(₹ in million)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Revenue		
Revenue from operations (net)	61,163.47	42,102.43
Other Income	230.20	150.51
Total	**61,393.67**	**42,252.94**
Expenses		
Cost of goods sold	35,994.40	25,475.29
Employee benefits expense	9,369.60	5,802.90
Finance costs	1,002.97	837.31
Depreciation and amortization	2,380.23	1,790.08
Other expenses	11,804.31	8,303.61
Total	**60,551.51**	**42,209.19**
Profit before tax	842.16	43.75
Tax expense		
Current tax		
Current tax	575.30	461.37
MAT Credit entitlement	(113.14)	36.02
Net Current tax	462.16	497.39
Deferred tax	(49.04)	(192.52)
Total tax expense	**413.12**	**304.87**
Profit/(Loss) for the year after tax and before minority interest	429.04	(261.12)
Minority interest	8.61	(6.77)
Profit/(Loss) for the year	420.43	(254.35)
Basic earnings/(loss) per equity share	4.02	(2.65)
Diluted earnings/(loss) per equity share	4.01	(2.65)

RESTATED CONSOLIDATED STATEMENT OF CASH FLOWS AS PER IGAAP

Sr. No.	Particulars	For the year ended March 31, 2014 (₹ in Million)		For the year ended March 31, 2013 (₹ in Million)	
A	Cash flow from operating activities				
	Net profit before tax		842.16		43.75
	Adjustment for:				
	Depreciation and amortization expense	2,380.23		1,790.08	
	Loss/(Profit) on sale of tangible/intangible assets	8.26		(8.22)	
	Provision for impairment of goodwill	-		48.23	
	Provision for doubtful debts and advances	91.38		16.10	
	Finance costs	1,002.97		837.31	
	Expenses in connection with the issue of shares	42.27		-	
	Writeback of Mark to market loss on derivative option contract	(60.55)		-	
	Profit on sale of investments	(6.92)		(3.88)	
	Write back of provision for diminution in value of investments	(8.00)		-	
	Interest income	(25.19)	3,424.45	(53.96)	2,625.66
	Operating profits before working capital changes		4,266.61		2,669.41
	Adjustments for changes in:				
	Trade payables	1,768.58		4,069.92	
	Other liabilities and provisions	1,103.52		1,115.80	
	Inventories	(2,388.03)		(1,215.24)	
	Trade Receivables	380.19		(3,961.16)	
	Loans and advances and other assets	96.27	960.53	1,111.97	1,121.29
	Cash generated from operations		5,227.14		3,790.70
	Taxes paid		(626.83)		(308.71)
B	Net cash generated from operating activities		4,600.31		3,481.99
	Cash flow from investing activities				
	Interest received	25.44		53.18	
	Purchase/ (proceeds from sale) of current investments (net)	(513.86)		19.80	
	Proceeds from disposal of non current investments	20.00		-	
	Proceeds from sale of tangible/intangible assets	99.22		113.23	
	Purchase of Fixed Assets	(2,849.49)		(3,001.89)	
	Fixed deposits placed (net)	(25.46)		(117.89)	

Sr. No.	Particulars	For the year ended March 31, 2014 (₹ in Million)		For the year ended March 31, 2013 (₹ in Million)	
	Capital Subsidy received	331.69		277.19	
	Purchase of non current investments/business	(500.00)		(4,396.55)	
C	Net cash used in investing activities		(3,412.46)		(7,052.93)
	Cash flow from financing activities				
	Proceeds from issue of shares	3,000.00		-	
	Proceeds from issue of shares to minority shareholders in subsidiaries	46.30		-	
	Increase/(Decrease) in borrowings (net)	(2,778.80)		5,229.51	
	Expenses in connection with the issue of shares	(42.27)		-	
	Dividend on equity and preference shares, including tax thereon	(7.47)		(26.71)	
	Interest paid	(1,029.85)		(864.27)	
	Net cash generated from financing activities		(812.09)		4,338.53
	Net increase (Decrease) in Cash and cash equivalents		375.76		767.59
	Opening cash and cash equivalents		1,683.09		487.18
	Add : Cash & Cash Equivalents acquired on purchase of business		-		428.20
	Add: Effect of exchange difference on translation of foreign currency cash and cash equivalents		286.91		0.12
	Total		1,970.00		915.50
	Closing cash and cash equivalents		2,345.76		1,683.09
	Net increase (Decrease) in Cash and Cash Equivalents		375.76		767.59
	Cash and cash equivalents consists of				
	Cash in hand		1.50		1.60
	Bank balances				
	Current accounts		2,317.66		1,618.96
	Fixed deposits (less than 3 months maturity)		26.60		62.53
			2,345.76		1,683.09

RESTATED STANDALONE STATEMENT OF ASSETS AND LIABILITIES AS PER IND AS

(₹ in million)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
ASSETS				
Non current assets				
Property, plant and equipment	7,503.18	7,595.67	7,168.69	6,908.27
Capital work-in-progress	283.37	253.13	444.02	314.97
Investment properties	287.86	296.38	307.69	319.00
Intangible assets	67.97	46.84	41.29	37.97
Intangible assets under development	24.36	0.21	6.32	5.70
Financial assets				
Investments	4,647.21	4,647.21	4,647.11	4,666.69
Loans	17.31	10.13	5.24	2.56
Other financial assets	0.26	0.41	0.11	0.11
Income tax assets (Net)	11.43	23.78	40.74	70.26
Other non-current assets	204.92	87.88	241.11	124.34
Total non-current assets	13,047.87	12,961.64	12,902.32	12,449.87
Current assets				
Inventories	1,795.80	1,731.48	1,638.51	1,474.31
Financial assets				
Investments	220.13	-	119.40	24.20
Trade receivables	3,202.28	2,517.42	2,307.33	1,804.91
Cash and cash equivalents	161.47	29.44	70.96	111.44
Other bank balances	1.81	1.86	78.89	68.91
Loans	25.01	25.46	17.67	285.80
Other financial assets	38.81	45.75	29.66	58.81
Other current assets	238.24	275.67	304.99	354.07
Total current assets	5,683.55	4,627.08	4,567.41	4,182.45
Total Assets	18,731.42	17,588.72	17,469.73	16,632.32
EQUITY AND LIABILITIES				
Equity				
Equity share capital	134.81	143.33	270.89	104.66
Other equity				
Reserves and surplus	9,869.68	9,338.04	5,852.41	1,958.21
Other reserves	(4.19)	(8.95)	876.38	885.66
Total equity	10,000.30	9,472.42	6,999.68	2,948.53
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
Borrowings				
Borrowings other than covered under (ii) below	2,441.87	3,014.69	2,129.51	2,079.06
(ii) Liability portion of CCPS	-	-	2,060.40	5,894.77
Other financial liabilities	5.52	5.16	7.29	26.07
Provisions	66.19	54.70	48.52	38.83
Deferred tax liabilities (Net)	78.94	4.88	47.76	70.43
Other non-current liabilities	144.86	-	40.04	79.99
Total non-current liabilities	2,737.38	3,079.43	4,333.52	8,189.15
Current liabilities				
Financial liabilities				
Borrowings	1,147.19	1,248.57	1,803.92	1,729.04
Trade payables				

(₹ in million)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
- Total outstanding dues of micro enterprises and small enterprises	7.06	13.59	16.20	-
- Total outstanding dues other than micro enterprises and small enterprises	2,789.58	2,206.05	2,039.44	1,814.34
Acceptances	340.66	296.18	376.36	316.07
Other financial liabilities	1,297.84	893.93	1,536.36	1,244.66
Provisions	212.05	180.07	178.43	179.64
Other current liabilities	199.36	198.48	185.82	210.89
Total current liabilities	5,993.74	5,036.87	6,136.53	5,494.64
Total liabilities	8,731.12	8,116.30	10,470.05	13,683.79
Total equity and liabilities	18,731.42	17,588.72	17,469.73	16,632.32

RESTATED STANDALONE STATEMENT OF PROFIT AND LOSS AS PER IND AS

(₹ in million)

Particulars	For nine months period ended December 31, 2017	For year ended March 31, 2017	For year ended March 31, 2016	For year ended March 31, 2015 (Proforma)
Revenue				
Revenue from operations	15,382.42	18,120.53	16,888.38	15,891.30
Other income	217.68	324.51	168.94	201.71
Total income	15,600.10	18,445.04	17,057.32	16,093.01
Expenses				
Cost of materials consumed	9,035.54	10,126.56	9,566.61	9,458.21
Purchases of stock-in-trade	336.36	657.59	648.99	361.95
Changes in inventories of work-in-progress, stock-in-trade and finished goods	72.53	(67.21)	(163.79)	(111.92)
Excise duty	485.83	1,360.43	1,299.19	1,106.96
Employee benefits expense	1,272.07	1,431.76	1,261.18	1,094.80
Depreciation and amortisation expense	760.24	962.82	819.34	802.75
Other expenses	2,573.11	3,004.45	2,943.19	2,436.00
Finance costs				
(i) Finance costs other than covered under (ii) below	295.18	426.90	475.60	467.57
(ii) Imputed interest and changes in cash flow estimates on liability portion of CCPS	-	41.60	(1,267.54)	3,780.43
Total expenses	14,830.86	17,944.90	15,582.77	19,396.75
Profit before tax	769.24	500.14	1,474.55	(3,303.74)
Income tax expense				
Current tax	168.56	107.68	54.75	98.12
Deferred Tax	76.36	(30.89)	(7.04)	(12.31)
Total tax expense	244.92	76.79	47.71	85.81
Profit for the period / year	524.32	423.35	1,426.84	(3,389.55)
Other comprehensive income				
Items that may be reclassified to profit or loss				
Deferred hedging gains/(losses) on cash flow hedges	4.76	0.33	(9.28)	-
	4.76	0.33	(9.28)	-
Items that will not be reclassified to profit or loss				
Remeasurement of defined benefit obligation	(1.20)	(8.04)	2.23	(5.37)
	(1.20)	(8.04)	2.23	(5.37)
Other comprehensive income for the period / year (net of tax)	3.56	(7.71)	(7.05)	(5.37)
Total comprehensive income for the period / year	527.88	415.64	1,419.79	(3,394.92)
Earnings per equity share				
Basic	3.67	3.59	13.63	(32.39)
Diluted	3.67	3.59	1.33	(32.39)

RESTATED STANDALONE STATEMENT OF CASH FLOWS AS PER IND AS

(₹ in million)

Sr. No	Particulars	For nine months ended December 31, 2017		For the year ended March 31, 2017		For the year ended March 31, 2016		For the year ended March 31, 2015 (Proforma)	
A	Cash flow from operating activities								
	Net profit before tax		769.24		500.14		1,474.55		(3,303.74)
	Adjustments for:								
	Depreciation and amortization expense	760.24		962.82		819.34		802.75	
	Provision for diminution in equity instruments of subsidiaries	-		-		-		15.92	
	Loss on sale of Property, plant and equipment / intangible assets	1.82		4.85		7.12		7.99	
	Provision for guarantees for loan taken by subsidiary	13.58		(11.09)		14.20		(35.11)	
	Provision for doubtful debts / advances	7.13		1.24		2.24		-	
	Imputed interest and changes in cash flow estimates on liability portion of CCPS	-		41.60		(1,267.54)		3,780.43	
	Finance costs (other than above)	295.18		426.90		475.60		467.57	
	Rent income from Investment Property	(35.04)		(44.78)		(41.39)		(45.77)	
	Profit on sale of current investments	(0.26)		(9.42)		(7.97)		(11.80)	
	Dividend income	(6.62)		(17.63)		(21.02)		(33.25)	
	Interest income	(1.69)		(6.51)		(20.80)		(41.85)	
	Government grant	(74.62)	959.72	(74.13)	1,273.85	(32.66)	(72.88)	(53.30)	4,853.58
	Operating profits before working capital changes		1,728.96		1,773.99		1,401.67		1,549.84
	Adjustments for changes in:								
	Trade receivables	(684.70)		(209.42)		(1,018.40)		(298.12)	

(₹ in million)

Sr. No	Particulars	For nine months ended December 31, 2017		For the year ended March 31, 2017		For the year ended March 31, 2016		For the year ended March 31, 2015 (Proforma)	
	Trade payable	621.48		95.99		256.67		(369.79)	
	Inventories	(64.32)		(92.97)		(130.76)		(239.28)	
	Other financial assets	(0.66)		(30.80)		15.47		(33.96)	
	Other current and non current asset	136.94		15.57		(5.46)		(71.31)	
	Provision	28.05		3.23		(7.90)		38.32	
	Other financial liabilities	27.01		18.16		(3.47)		(37.59)	
	Other current and non current liabilities	18.62	82.42	30.56	(169.68)	(22.29)	(916.14)	(46.45)	(1,058.18)
	Cash generated from operations		1,811.38		1,604.31		485.53		491.66
	Taxes paid		(156.21)		(90.72)		(25.11)		(98.53)
	Net cash flow from operating activities		1,655.17		1,513.59		460.42		393.13
B	Cash flow from investing activities								
	Dividend received	6.62		17.63		21.02		33.25	
	Interest received	2.64		6.51		24.34		41.51	
	(Purchase of)/Proceeds from sale of current investments	(219.87)		128.82		0.58		368.39	
	Proceeds from sale of Property, plant and equipment	86.62		37.24		43.08		4.87	
	Capital subsidy received	-		-		26.57		199.75	
	Rent received on Investment Property	35.04		44.78		41.39		45.77	
	(Increase)/ Decrease in loan to related parties	-		-		268.30		(24.12)	
	Purchase of Property, plant and equipment	(774.53)		(1,122.73)		(1,275.20)		(827.46)	
	Fixed deposits (placed)/ redeemed (net)	0.05		78.59		(3.79)		(31.20)	
	Purchase of non current investments	-		0.10		-		(15.96)	

(₹ in million)

Sr. No	Particulars	For nine months ended December 31, 2017		For the year ended March 31, 2017		For the year ended March 31, 2016		For the year ended March 31, 2015 (Proforma)	
	Net cash used in investing activities		(863.43)		(809.06)		(853.71)		(205.20)
C	Cash flow from financing activities								
	Increase/(Decrease) in long term borrowings	(314.23)		286.10		249.39		(872.65)	
	Increase/(Decrease) in short term borrowings	20.40		(574.33)		598.91		1,162.50	
	Dividend paid on equity shares and preference shares	-		(44.86)		(40.25)		(32.78)	
	Interest paid	(244.10)		(431.96)		(473.91)		(463.78)	
	Net cash flow from financing activities		(537.93)		(765.05)		334.14		(206.71)
	Net Increase/ (Decrease) in cash and cash equivalents		253.81		(60.52)		(59.15)		(18.78)
	Opening Cash and cash equivalents		(99.48)		(38.96)		17.22		36.00
	Add on account of merger		-		-		2.97		-
	Closing Cash and cash equivalents		154.33		(99.48)		(38.96)		17.22
	Cash and cash equivalents consists of								
	Cash in Hand		1.19		0.63		0.80		1.01
	Bank Balances								
	Current Accounts and deposit with maturity of less than 3 months		160.28		28.81		70.16		110.43
	Bank overdraft		(7.14)		(128.92)		(109.92)		(94.22)
			154.33		(99.48)		(38.96)		17.22

RESTATED STANDALONE STATEMENT OF ASSETS AND LIABILITIES AS PER IGAAP

(₹ in million)

Particulars	As at March 31, 2014	As at March 31, 2013
Equity and Liabilities		
Shareholders' funds		
Share capital	404.66	104.66
Reserves and surplus	8,270.62	4,978.15
	8,675.28	5,082.81
Non- current liabilities		
Long-term borrowings	3,007.63	3,634.20
Deferred tax liabilities (net)	229.20	218.19
Other Long term liabilities	34.89	47.11
Long-term provisions	54.59	275.03
	3,326.31	4,174.53
Current Liabilities		
Short-term borrowings	491.41	681.43
Trade payables	2,440.79	2,086.05
Other current liabilities	1,425.85	1,257.47
Short term provisions	182.04	103.47
	4,540.09	4,128.42
Total	16,541.68	13,385.76
Assets		
Non-current assets		
Fixed assets		
Tangible assets	5,431.08	4,337.55
Intangible assets	40.24	46.93
Capital work-in-progress	2,093.77	2,570.41
Intangible assets under development	6.75	6.01
Non-current investments	4,666.64	2,498.88
Long-term loans and advances	299.24	107.22
Other non-current assets	59.91	1.66
	12,597.63	9,568.66
Current assets		
Current investments	375.30	16.50
Trade receivables	1,505.31	2,036.55
Inventories	1,235.08	1,009.17
Cash and bank balances	92.42	112.30
Short-term loans and advances	491.45	406.37
Other current assets	244.49	236.21
	3,944.05	3,817.10
Total	16,541.68	13,385.76

RESTATED STANDALONE STATEMENT OF PROFIT AND LOSS AS PER IGAAP

(₹ in million)

Particulars	For year ended March 31, 2014	For year ended March 31, 2013
Revenue		
Revenue from operations (gross)	14,911.38	15,476.59
Less: Excise duty	1,072.00	1,105.69
Revenue from operations (net)	13,839.38	14,370.90
Other income	118.40	148.58
Total revenue	13,957.78	14,519.48
Expenses		
Cost of materials consumed	9,126.91	9,729.40
Purchases of stock-in-trade	270.91	220.23
Changes in inventories of finished goods, work-in progress and stock-in-trade	(154.27)	(120.16)
Employee benefits expense	888.85	841.17
Finance costs	466.13	518.91
Depreciation and amortization	620.79	560.66
Other expenses	2,391.80	2,083.12
Total	13,611.12	13,833.33
Profit before exceptional items and tax	346.66	686.15
Less: Exceptional items	81.69	-
Profit before tax	264.97	686.15
Current Tax (MAT)	90.28	140.47
Less:-MAT Credit entitlement	(106.54)	35.99
Net current tax	(16.26)	176.46
Deferred Tax	11.01	(15.48)
Total tax expense	(5.25)	160.98
Net Profit as Restated	270.22	525.17
Earnings per equity share		
Basic	2.58	5.07
Diluted	2.57	5.07

RESTATED STANDALONE STATEMENT OF CASH FLOWS AS PER IGAAP

(₹ in million)

Sr. No.	Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
A	**Cash flow from operating activities**				
	Net profit before tax		264.97		686.15
	Adjustments for:				
	Depreciation and amortization expense	620.79		560.66	
	Exchange gain/ (loss) transferred from reserves and surplus	10.40		(1.26)	
	Provision for diminution, other than temporary, in the value of investments (net of write back of ₹8 Million)	148.57		-	
	Loss on sale of tangible/ intangible assets	0.42		0.29	
	Provision for doubtful debts/ advances	11.36		2.42	
	Expenses in connection with the issue of shares	42.27		-	
	Finance costs	466.13		518.91	
	Writeback of Mark to market loss on derivative option contract	(60.55)		-	
	Writeback of provision for guarantees in respect of loans taken by subsidiaries	(48.60)		-	
	Profit on sale of current investments	(1.12)		(3.88)	
	Dividend income	(6.81)		(22.39)	
	Interest income	(30.87)	1,151.99	(50.73)	1,004.02
	Operating profits before working capital changes		1,416.96		1,690.17
	Adjustments for changes in:				
	Trade payables	354.74		229.56	
	Other payables	151.64		6.32	
	Provisions	(32.67)		34.00	
	Inventories	(225.91)		(56.98)	
	Long term loans and advances	1.08		(2.30)	
	Short term loans and advances	(44.74)		(2.73)	
	Trade receivables	519.77	723.91	(410.49)	(202.62)
	Cash generated from operations		2,140.87		1,487.55
	Taxes paid		(124.96)		(161.45)
	Net cash flow from operating activities		2,015.91		1,326.10
B	**Cash flow from investing activities**				
	Dividend received	6.81		22.39	
	Loan given to subsidiary (net of amounts repaid)	(49.74)		(196.55)	
	Interest received	43.12		47.24	

(₹ in million)

Sr. No.	Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
	(Purchase of)/Proceeds from sale of current investments	(357.61)		19.60	
	Proceeds from sale of tangible/ intangible assets	8.62		21.29	
	Capital subsidy received during the year	331.69		277.19	
	Purchase of tangible/ intangible assets	(1,220.47)		(1,389.25)	
	Fixed deposits (placed)/ redeemed (net)	54.42		(83.70)	
	Proceeds from sale of non current investments	20.00		-	
	Purchase of non current investments	(2,336.24)		(1,391.95)	
	Net cash used in investing activities		(3,499.40)		(2,673.74)
C	**Cash flow from financing activities**				
	Proceeds from issue of shares	3,000.00		-	
	Expenses in connection with the issue of shares	(42.27)		-	
	Increase/(Decrease) in long term borrowings	(730.91)		1,658.85	
	Increase/(Decrease) in short term borrowings	(190.04)		(64.56)	
	Dividend paid on equity shares	(6.80)		(9.09)	
	Dividend paid on preference Shares	-		(13.32)	
	Interest paid	(507.32)		(536.87)	
	Net cash flow from financing activities		1,522.66		1,035.01
	Net increase (decrease) in cash and cash equivalents		39.17		(312.63)
	Opening Cash and cash equivalents		15.91		328.54
	Closing Cash and cash equivalents		55.08		15.91
			39.17		(312.63)

(₹ in million)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Cash and cash equivalents consists of Cash in hand	0.61	0.80
Bank balances Current accounts	54.47	15.11
	55.08	**15.91**

THE OFFER

The following table summarizes details of the Offer:

Offer*	Up to 18,536,600 Equity Shares aggregating up to ₹ [•] million
Of which	
Employee Reservation Portion	Up to 100,000 Equity Shares
Accordingly,	
The Net Offer	Up to 18,436,600 Equity Shares
Of which	
QIB Category ##	Not more than [•] Equity Shares
Of which:	
Anchor Investor Portion	Up to [•] Equity Shares
Balance available for allocation to QIBs other than Anchor Investors (assuming Anchor Investor Portion is fully subscribed)	[•] Equity Shares
Of which:	
- Available for allocation to Mutual Funds only (5% of the QIB Category (excluding the Anchor Investor Portion))	Up to [•] Equity Shares
- Balance of QIB Category for all QIBs including Mutual Funds	[•] Equity Shares
Non-Institutional Category	Not less than [•] Equity Shares
Retail Category	Not less than [•] Equity Shares
Equity Shares outstanding prior to the Offer	123,127,760 Equity Shares
Equity Shares outstanding after the Offer* **	134,811,530** Equity Shares
Use of proceeds of the Offer	As the Offer is an offer for sale, our Company will not receive any proceeds from the Offer. For details, see "*Objects of the Offer*" on page 118.

* *The Offer has been authorised by our Board pursuant to a resolution passed at its meeting held on February 6, 2018. Each of the Selling Shareholders have authorized their respective participation in the Offer for Sale in the following manner:*

S. No.	Name of the Selling Shareholder	Date of authorization	Date of consent letter	Number of Equity Shares offered for sale
1.	Tarang Jain	NA	February 5, 2018	1,752,560
2.	Omega TC Holdings Pte. Ltd.	February 5, 2018	March 28, 2018	15,373,608
3.	Tata Capital Financial Services Limited	January 29, 2018	March 28, 2018	1,410,432
Total				**18,536,600**

Our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLM, may allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which Equity Shares are allocated to Anchor Investors in the Offer. In case of under-subscription in the Anchor Investor Portion, the remaining Equity Shares will be added to the QIB Category. For more information, see "Offer Procedure" on page 592.

** *On a fully diluted basis assuming conversion of Series C CCPS.*

*** *Pursuant to the Amendment Agreement, 11,683,770 Series C CCPS held by Tarang Jain shall be converted into 11,683,770 Equity Shares earlier of: (i) atleast 3 (three) working days prior to filing of Red Herring Prospectus by our Company with the RoC for undertaking an IPO or any date mutually acceptable to the Parties; or (ii) the IPO Veto Date; (iii) the Conversion Deadline. For further details, see "History and Certain Corporate Matters" on page 220.*

Discount, if any, to the Floor Price will be offered to Eligible Employees. The rupee amount of the Employee Discount will be decided by our Company and the Selling Shareholders in consultation with the GCBRLMs and the BRLM and will be advertised at least five Working Days prior to the Bid/ Issue Opening Date.

Notes:

1. Allocation to all categories, except Anchor Investors, if any and Retail Individual Bidders, shall be made on a proportionate basis. 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 Category and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. For details, see "*Offer Procedure*" on page 592.

2. Under-subscription, if any, in any category, except the QIB Category, would be met with spill-over from any other category or a combination of categories, as applicable, at the discretion of our Company in consultation with the GCBRLMs and the BRLM and the Selling Shareholders and the Designated Stock Exchange, subject to applicable law.

3. Unless the Employee Reservation Portion is undersubscribed, the value of allocation to an Eligible Employee shall not exceed ₹ 200,000. In the event of undersubscription in the Employee Reservation Portion, the unsubscribed portion may be allocated, on a proportionate basis, to Eligible Employees for value exceeding ₹ 200,000 up to ₹ 500,000. Any unsubscribed portion remaining in the Employee Reservation Portion shall be added to the Net Offer to the public.

For details, including in relation to grounds for rejection of Bids, refer to "*Offer Structure*" and "*Offer Procedure*" on pages 584 and 592, respectively. For details of the terms of the Offer, see "*Terms of the Offer*" on page 588.

GENERAL INFORMATION

Our Company was incorporated on May 11, 1988 at Mumbai as Varroc Engineering Private Limited, a private limited company under the Companies Act, 1956. On July 1, 1997, our Company was converted into a deemed public company under section 43A (1A) of the Companies Act, 1956 and the word "Private" was deleted from the name of our Company. Thereafter, on January 24, 2001 our Company was again converted into a private company under section 43A (2A) of the Companies Act, 1956 and the word "Private" was added to the name of our Company. Subsequently, our Company was converted into a public limited company pursuant to approval of the Shareholders at an extraordinary general meeting held on January 25, 2018. On February 5, 2018, the name of our Company was changed to Varroc Engineering Limited and a fresh certificate of incorporation consequent to conversion to a public limited company was issued to our Company by the RoC.

Registered and Corporate Office of our Company

The address and certain other details of our Registered and Corporate Office is as follows:

Varroc Engineering Limited
L-4, MIDC Area, Waluj
Aurangabad 431136
Tel: +91 240 6653 700/6653 699
Fax: +91 240 2564 540
Website: www.varrocgroup.com
E-mail: investors@varroc.com

For details of changes to the address of our registered office, please see the sub-section titled *"- Changes in the Registered Office"* on page 220.

Company Registration Number and Corporate Identity Number

The registration number and corporate identity number of our Company are as follows:

Registration number: 047335
Corporate identity number: U28920MH1988PLC047335

The Registrar of Companies

Our Company is registered with the Registrar of Companies, Mumbai, Maharashtra which is situated at the following address:

100, Everest, Marine Drive
Mumbai 400 002
Tel: +91 22 2281 2627
Fax: +91 22 2281 1977

Board of Directors

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

Name and designation	Age (years)	DIN	Address
Naresh Chandra *Chairman and Non-Executive Director*	83	00027696	1st floor, Bhagwati Bhawan, 31-B, M. L. Dahanukar Marg, Cumbala Hill, Mumbai 400 026, India
Tarang Jain *Managing Director*	56	00027505	"Halycon", Gut No. 41 (P), Kanchanwadi, Paithan Road, Aurangabad 431 005, India
Ashwani Maheshwari *Whole-time Director*	49	07341295	3/8000, Nand Vatika, Near Kripal Ashram, Dehradoon Road, Saharanpur 247 001, India
Padmanabh Sinha *Investor Nominee Director*	47	00101379	1206, The Imperial North Tower, M. P. Mills Compound, Tardeo, Mumbai 400 034, India

Name and designation	Age (years)	DIN	Address
Gautam P. Khandelwal *Independent Director*	55	00270717	B 2, Alaknanda, 16A Napean Sea Road, Mumbai 400 006, India
Vijaya Sampath *Independent Director*	64	00641110	Flat No - 403, Block -14, Heritage City, Mehrauli Gurgaon Road, Gurgaon 122 002, India
Marc Szulewicz *Independent Director*	70	01911768	21 Rue du Docteur, Blanche, Paris 75016, France
Vinish Kathuria *Independent Director*	46	01951771	345, Espace Nirvana Country, Sector 50, South City -II, Gurgaon, 122018, Haryana, India

For further details of our Board of Directors, see "*Our Management*" on page 239.

Chief Financial Officer

T.R. Srinivasan is the Chief Financial Officer of our Company. His contact details are as follows**:**

T. R. Srinivasan
L-4, MIDC Area, Waluj
Aurangabad 431136
Tel: +91 20 6744 5000
Fax: +91 240 2564 540
E-mail: investors@varroc.com

Company Secretary

Rakesh Darji is the Company Secretary and Compliance Officer of our Company. His contact details are as follows:

Rakesh Darji
L-4, MIDC Area, Waluj
Aurangabad 431136
Tel: +91 240 6653 700
Fax: +91 240 2564 540
E-mail: investors@varroc.com

Investor grievances

Investors can contact the Compliance Officer and/or the Registrar to the Offer in case 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, etc. For all Offer related queries and for redressal of complaints, investors may also write to the GCBRLMs and the BRLM or the Registrar to Offer, in the manner provided below.

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

Book Running Lead Managers

Kotak Mahindra Capital Company Limited
1st Floor, 27 BKC, Plot No. 27, G Block
Bandra Kurla Complex, Bandra (East)
Mumbai 400 051
Tel: +91 22 4336 0000
Fax: +91 22 6713 2447
Email: varroc.ipo@kotak.com
Investor grievance e-mail: kmccredressal@kotak.com
Contact Person: Ganesh Rane
Website: www.investmentbank.kotak.com
SEBI Registration No.: INM000008704

Citigroup Global Markets India Private Limited
1202, 12th Floor, First International Financial Centre, G-Block, C54 & 55, Bandra Kurla Complex
Bandra (East), Mumbai 400 098
Tel: +91 22 6175 9999
Fax: +91 22 6175 9898
Email: varroc.ipo@citi.com
Investor grievance email:
investors.cgmib@citi.com
Contact Person: Ashish Guneta
Website:
www.online.citibank.co.in/rhtm/citigroupglobalscreen
SEBI Registration No: INM000010718

Credit Suisse Securities (India) Private Limited
Ceejay House, 9th Floor, Plot F, Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai 400 018
Tel: +91 22 6777 3914
Fax: +91 22 6777 3820
Email: list.varrocipo@credit-suisse.com
Investor grievance e-mail: list.igcellmer-bnkg@credit-suisse.com
Contact Person: Ashish Khullar
Website: www.credit-suisse.com/in/en/investment-banking/regional-presence/asia-pacific/india/ipo.html
SEBI Registration No.: INM000011161

IIFL Holdings Limited
10th Floor, IIFL Centre
Kamala City, Senapati Bapat Marg
Lower Parel (West), Mumbai 400 013
Tel: +91 22 4646 4600
Fax: +91 22 2493 1073
E-mail: varroc.ipo@iiflcap.com
Investor grievance e-mail: ig.ib@iiflcap.com
Contact Person: Pranay Doshi
Website: www.iiflcap.com
SEBI Registration No.: INM000010940

Syndicate Members

[•]

Statement of inter-se allocation of responsibilities among the Book Running Lead Managers

The responsibilities and coordination by the GCBRLMs and the BRLM for various activities in the Offer are as follows:

Sr. No	Activity	Responsibility	Co-ordinator
1.	Capital structuring, positioning strategy and 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 and Prospectus. The Managers shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing.	Kotak, Citi, CS and IIFL	Kotak
2.	Drafting and approval of all statutory advertisement.	Kotak, Citi, CS and IIFL	Kotak
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.	Kotak, Citi, CS and IIFL	CS
4.	Appointment of Intermediaries - Registrar to the Offer, Advertising Agency, Printers, Banker(s) to the Offer and	Kotak, Citi, CS and IIFL	CS

Sr. No	Activity	Responsibility	Co-ordinator
	other intermediaries, including coordination of all agreements to be entered into with such intermediaries.		
5.	Non-institutional and Retail marketing of the Offer, which will cover, *inter alia*, • Finalising media, marketing and public relations strategy; • Finalising centres for holding conferences for brokers, etc; • Follow-up on distribution of publicity and Offer material including form, the Prospectus and deciding on the quantum of the Offer material; and • Finalising collection centres.	Kotak, Citi, CS and IIFL	Kotak
6.	Domestic Institutional marketing of the Offer, which will cover, *inter alia*: • Institutional marketing strategy; • Finalizing the list and division of domestic investors for one-to-one meetings; and • Finalizing domestic road show and investor meeting schedule	Kotak, Citi, CS and IIFL	Citi
7.	International Institutional marketing of the Offer, which will cover, *inter alia*: • Institutional marketing strategy; • Finalizing the list and division of international investors for one-to-one meetings; and • Finalizing international road show and investor meeting schedule.	Kotak, Citi, CS and IIFL	CS
8.	Coordination with Stock-Exchanges for book building software, bidding terminals, mock trading, anchor investor portion, payment of 1% security deposit and payment of STT on behalf of Selling Shareholders.	Kotak, Citi, CS and IIFL	Citi
9.	Managing the book and finalization of pricing in consultation with the Company.	Kotak, Citi, CS and IIFL	Kotak
10.	Post-Bidding activities including management of escrow accounts, co-ordinating, underwriting, co-ordination of non-institutional allocation, announcement of allocation and dispatch of refunds to Bidders, etc. The post-Offer activities will involve essential follow up steps, including the finalization of trading, dealing of instruments, and demat of delivery of shares with the various agencies connected with the work such as the Registrar to the Offer, the Bankers to the Offer, the bank handling refund business and SCSBs. Coordinating with Stock Exchanges and SEBI for Release of 1% security deposit post closure of the Offer.	Kotak, Citi, CS and IIFL	Citi

Legal Counsel to our Company and Promoter Selling Shareholder as to Indian Law

Khaitan & Co
One Indiabulls Centre
13th Floor, Tower 1
841 Senapati Bapat Marg
Mumbai 400 013
Tel: +91 22 6636 5000
Fax: +91 22 6636 5050

Legal Counsel to the GCBRLMs and the BRLM as to Indian Law

Shardul Amarchand Mangaldas & Co
Express Towers, 24th Floor
Nariman Point
Mumbai 400 021, India
Tel. No.: +91 22 4933 5555
Fax: +91 22 4933 5550

International Legal Counsel to the GCBRLMs and the BRLM

Clifford Chance
Clifford Chance Pte. Ltd
12 Marina Boulevard, 25th Floor
Marina Bay Financial Centre, Tower 3
Singapore 018 982
Tel: +65 6410 2200
Fax: +65 6410 2288

Domestic Legal Counsel to the Investor Selling Shareholders

AZB & Partners
AZB House
Peninsula Corporate Park, Ganpatrao Kadam Marg
Lower Parel, Mumbai 400 013
Tel: +91 22 6639 6880
Fax: +91 22 6639 6888

Registrar to the Offer

Link Intime India Private Limited
C-101, 1st floor, 247 Park, L B S Marg
Vikhroli West, Mumbai 400 083
Tel: +91 22 4918 6200
Fax: +91 22 4918 6195
E-mail: varroc.ipo@linkintime.co.in
Investor grievance e-mail: varroc.ipo@linkintime.co.in
Contact Person: Shanti Gopalkrishnan
Website: www.linkintime.co.in
SEBI Registration No.: INR000004058

Escrow Bank

[•]

Public Offer Account Bank

[•]

Refund Bank

[•]

Self –Certified Syndicate Banks

The list of SCSBs is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 on the SEBI website, or at such other website as may be prescribed by SEBI from time to time. A list of the Designated Branches of the SCSBs with which a Bidder (other than an Anchor Investor), not bidding through Syndicate/ Sub Syndicate or through a Registered Broker, CRTA or CDP may submit the Bid cum Application Forms available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries on the SEBI website, or at such other website as may be prescribed by SEBI from time to time.

SCSB Branches for Members of Syndicate

In relation to Bids (other than Bids by Anchor Investor) submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI (http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries) and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes).

Registered Brokers

Bidders (other than Anchor Investors) can submit ASBA Forms in the Offer using the stock broker network of the Stock Exchanges, *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, are provided on the websites of BSE and NSE at www.bseindia.com and www.nseindia.com, respectively, as updated from time to time. In relation to ASBA Bids submitted to the Registered Brokers at the Broker Centres, the list of branches of the SCSBs at the Broker Centres named by the respective SCSBs to receive deposits of the ASBA Forms from the Registered Brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Collecting Registrar and Share Transfer Agents and Collecting Depository Participants

The list of the CRTAs and CDPs eligible to accept ASBA Forms at the Collection Centres, including details such as address, telephone number and e-mail address, are provided on the websites of the Stock Exchanges at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6 and https://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

Auditors to our Company

Price Waterhouse & Co Chartered Accountants LLP
Chartered Accountants
7th Floor, Tower A, Wing 1, Business Bay
Airport Road, Yerwada, Pune 411 006, India
Tel. No.: +91 (20) 4100 4444
Fax: +91 (20) 4100 6161
E-mail: ipo.dn@in.pwc.com
Firm registration number: 304026E/E-300009
Peer review no. 007770*

**Peer review certificate dated February 9, 2015 of Price Waterhouse & Co Chartered Accountants LLP was valid for a period of three years. Price Waterhouse & Co Chartered Accountants LLP is subject to an ongoing peer review process by the Peer Review Board of the Institute of Chartered Accountants of India and the process for renewal of peer review certificate has been initiated.*

Bankers to our Company

Corporation Bank
14, Pune-Mumbai Road, Wakdewadi
Pune 411 003
Tel.: +91 20 2551 1252, 2551 1733,
2551 2298
Fax: +91 20 2551 1216
Email: cb0502@corpbank.co.in
Website: www.corpbank.com
Contact Person: Akshat Telang

IDBI Bank Limited
1st Floor, Renuka Complex, H. No. 5-6-15, CTS. No.17325, New Osmanpura, Aurangabad 431 005, Maharashtra
Tel: +91 240 2352 193
Fax: +91 240 2345 494
Email: shubham.goyal@idbi.co.in
Website: www.idbi.com
Contact Person: Shubham Goyal

Citibank N.A.
FIFC, 14th Floor, C- 54 and C-55, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051
Tel: +91 22 6175 5268
Fax: +91 22 4006 5847
Email: nandini.basu@citi.com
Website: www.online.citibank.co.in/
Contact Person: Nandini Basu

ICICI Bank Limited
Corporate Banking Group, 3rd Floor, A Wing
Sangrila Garden, Bund Garden, Pune 411 001
Tel: +91 20 6600 3136
Fax: +91 20 6600 3109
Email: surya.v@icicibank.com
Website: www.icicibank.com
Contact Person: Surya V

Standard Chartered Bank
B2, The Cerebrum IT Park, Behind Gold Big Cinemas, Kumar City, Kalyani Nagar, Pune, 411 014
Tel: +91 20 6680 3810
Fax: +91 20 6680 3930
Email: prem-narayan.mohanty@sc.com
Website: www.sc.com/in
Contact Person: Prem Narayan Mohanty

HDFC Bank Limited (Corporate Banking)
5th Floor, Marathon Building, 21/6, Bund Garden Road, Pune 411 001
Tel: +91 20 3952 4670
Fax: +91 20 4122 4102
Email: sukrut.karlekar@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Sukrut V. Karlekar

Kotak Mahindra Bank Limited
27 BKC, 2nd Floor, Plot No. C-27, G Block, Bandra Kurla Complex, Bandra East, Mumbai 400 051
Tel: +91 88799 79732
Fax: + 91 22 6713 2416
Email: saayan.choudhury@kotak.com
Website: www.kotak.com
Contact Person: Saayan Choudhury

Saraswat Co-operative Bank Limited
Plot No 6, Town Centre C-2, Near CIDCO Bus Stand
Aurangabad, 431 003
Tel: +91 240 2243 016/17
Fax: +91 240 2243 015
Email: rv_galgali@saraswatbank.com
Website: www.saraswatbank.com
Contact Person: Rajiv V. Galgili

Grading of the Offer

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

Appraising Entity

The Offer being an Offer for Sale, the objects of the Offer have not been appraised.

Monitoring Agency

The Offer being an offer for sale, our Company will not receive any proceeds from the Offer and is not required to appoint a monitoring agency for the Offer.

Expert

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

1. Our Company has received written consent dated March 28, 2018 from the Statutory Auditors, namely, Price Waterhouse & Co Chartered Accountants LLP to include its name as an expert under Section 26 of the Companies Act, 2013 in this Draft Red Herring Prospectus in relation to the reports of the Statutory

Auditors dated March 25, 2018, on the Restated Standalone Financial Information and Restated Consolidated Financial Information of our Company, included in this Draft Red Herring Prospectus and such consent has not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus. A written consent under the provisions of the Companies Act, 2013 is different from a consent filed with the U.S. Securities and Exchange Commission under Section 7 of the U.S. Securities Act, which is applicable only to transactions involving securities registered under the U.S. Securities Act. As the Equity Shares are proposed to be offered as a part of an initial public offering in India and the Equity Shares have not been and will not be registered under the U.S. Securities Act, the Statutory Auditors have not given consent under Section 7 of the U.S. Securities Act. In this regard, the Statutory Auditors have given consent to be referred to as "experts" in this Draft Red Herring Prospectus in accordance with the requirements of the Companies Act, 2013. The term "experts" as used in this Draft Red Herring Prospectus is different from those defined under the U.S. Securities Act, which is applicable only to transactions involving securities registered under the U.S. Securities Act. The reference to the Statutory Auditors as "experts" in this Draft Red Herring Prospectus is not made in the context of the U.S. Securities Act but solely in the context of the Offer in India.

2. Our Company has received a written consent from Kirtane and Pandit LLP dated March 26, 2018 to include their name in this Draft Red Herring Prospectus as required under the relevant provisions of the Companies Act, 2013 and to be named as an "expert" as defined under Section 2(38) read with Section 26(5) of the Companies Act, 2013 in respect of the statement of tax benefits, dated March 26, 2018 included in this Draft Red Herring Prospectus and such consent has not been withdrawn as of the date of this Draft Red Herring Prospectus.

3. Our Company has received a written consent dated February 15, 2018 from Yole Développement to include their name in this Draft Red Herring Prospectus as an "expert" as defined under the Companies Act, 2013 in respect of the Yole Report, included in this Draft Red Herring Prospectus and such consent has not been withdrawn as of the date of this Draft Red Herring Prospectus.

4. Our Company has received a written consent dated March 24, 2018 from Milind Sangwikar & Associates, Chartered Engineers to include their name in this Draft Red Herring Prospectus as an "expert" as defined under the applicable laws in relation to the inclusion of the certificates, in respect of certificates issued by them on capacity utilization and such consent has not been withdrawn as of the date of this Draft Red Herring Prospectus.

Credit Rating

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

Trustees

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

Book Building Process

Book building, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus and the Bid cum Application Forms within the Price Band and Employee Discount. The Price Band will be decided by our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLM, and advertised in [•] editions of [•] (a widely circulated English national daily newspaper), [•] editions of [•] (a widely circulated Hindi national daily newspaper) and [•] editions of [•] (a widely circulated Marathi newspaper, Marathi being the regional language of Maharashtra, where our Registered Office is located), at least five Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purposes of uploading on their respective websites. The Offer Price shall be determined by our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLM after the Bid/Offer Closing Date.

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

In terms of the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Investors and Eligible Employees Bidding in the Employee

Reservation Portion can revise their Bid(s) during the Bid/ Offer Period and withdraw their Bid(s) until the Bid/ Offer Closing Date. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bidding Date. Except for Allocation to Retail Individual Investors and the Anchor Investors, Allocation in the Offer will be on a proportionate basis. For further details on method and process of Bidding, see **"***Offer Structure*" on page 584.

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

Illustration of Book Building Process and the Price Discovery Process

For an illustration of the Book Building Process and the price discovery process, see "*Offer Procedure – Part B – Basis of Allocation – Illustration of the Book Building Process and Price Discovery Process*" on page 627.

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. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions to closing, as specified therein.

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

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

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

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

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

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

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

CAPITAL STRUCTURE

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

	Particulars	Aggregate nominal value *(in ₹)*	Aggregate value at Offer Price *(in ₹)*
A)	**AUTHORISED SHARE CAPITAL***		
	250,000,000 Equity Shares	250,000,000	-
	250,000,000 Preference Shares	250,000,000	
B)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AS OF THE DATE OF THIS DRAFT RED HERRING PROSPECTUS**		
	123,127,760 Equity Shares	123,127,760	-
	11,683,770 Series C CCPS	11,683,770	
C)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL PRIOR TO THE OFFER (UPON CONVERSION OF SERIES C CCPS)**		
	134,811,530 Equity Shares	134,811,530	-
D)	**OFFER**		
	Offer of up to 18,536,600 Equity Shares**	18,536,600	[•]
	Of which		
	Employee Reservation Portion of up to 100,000 Equity Shares	100,000	[•]
E)	Net Offer of up to 18,436,600 Equity Shares aggregating up to ₹[•] million	18,436,600	[•]
	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER		
	134,811,530 Equity Shares***	134,811,530****	-
F)	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer	6,481,569,224	
	After the Offer	6,481,569,224	

* *For details of the changes in the authorized share capital of our Company, see "History and Certain Corporate Matters – Amendments to our Memorandum of Association" on page 221.*

** *The Offer has been authorised by our Board pursuant to a resolution passed at its meeting held on February 6, 2018. Each of the Selling Shareholders have authorized their respective participation in the Offer for Sale in the following manner:*

S. No.	Name of the Selling Shareholder	Date of authorization	Date of consent letter	Number of Equity Shares offered for sale
1.	Tarang Jain	NA	February 5, 2018	1,752,560
2.	Omega TC Holdings Pte. Ltd.	February 5, 2018	March 28, 2018	15,373,608
3.	Tata Capital Financial Services Limited	January 29, 2018	March 28, 2018	1,410,432
Total				**18,536,600**

*** *Pursuant to the Amendment Agreement, 11,683,770 Series C CCPS held by Tarang Jain shall be converted into 11,683,770 Equity Shares earlier of: (i) atleast 3 (three) working days prior to filing of Red Herring Prospectus by our Company with the RoC for undertaking an IPO or any date mutually acceptable to the Parties; or (ii) the IPO Veto Date; (iii) the Conversion Deadline. For further details, see "History and Certain Corporate Matters" on page 220.*

*****on fully diluted basis assuming conversion of Series C CCPS.*

Notes to Capital Structure

1. **Equity Share Capital History**

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

Date of allotment	Number of equity shares	Face value (₹)	Issue price per equity share (₹)	Nature of consideration	Reason/ Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
June 7, 1988	1,500(1)	10	10	Cash	Subscription to the MoA	1,500	15,000
July 5, 1989	50,000(2)	10	10	Cash	Further issue	51,500	515,000
August 14, 1989	85,000(3)	10	10	Cash	Further issue	136,500	1,365,000
October 14, 1989	110,000(4)	10	10*	Cash	Further issue	246,500	1,915,000
November 3, 1998	85,000(5)	10	10	Cash	Further issue	331,500	3,315,000
December 31, 2009	16,000(6)	10	6,250	Cash	Conversion of Optionally Convertible Preference Shares to equity shares	347,500	3,475,000
February 7, 2011	9,730,000(7)	10	NA	NA	Bonus issue	10,077,500	100,775,000
March 15, 2013	388,349(8)	10	515	Cash	Conversion of Optionally Convertible Preference Shares to equity shares	10,465,849	104,658,490
March 27, 2014	2(9)	10	1,000	Cash	Further issue	10,465,851	104,658,510
March 16, 2017	1,846,915(10)	10	10	Cash	Conversion of Series A CCPS to equity shares	12,312,766	123,127,660
November 9, 2017	(852,349)(11)	10	NA	NA	Reduction of issued, subscribed and paid up equity share capital of our Company pursuant to NCLT order dated November 9, 2017	11,460,417	114,604,170
January 16, 2018	852,359(12)	10	10	NA	Conversion of Series B CCPS to equity shares	12,312,776	123,127,760
Pursuant to Board resolution dated January 16, 2018 and the Shareholders resolution dated January 25, 2018, the face value of the shares was sub-divided from ₹ 10 each to ₹ 1 each. Accordingly, the issued, subscribed and the paid-up equity share capital of our Company being 12,312,776 equity shares of ₹ 10 each was sub-divided into 123,127,760 Equity Shares.							
Total						**123,127,760**	**123,127,760**

* *These equity shares were partly paid -up at the time of allotment and thereafter on March 19, 1990, were made fully paid-up on payment of entire call monies.*

(1) *500 equity shares allotted each to Naresh Chandra, Tarang Jain and Anurang Jain pursuant to subscription to MoA.*
(2) *50,000 equity shares allotted to Naresh Chandra.*
(3) *70,000 equity shares allotted to Naresh Chandra and 15,000 equity shares allotted to Suman Jain.*
(4) *30,000 equity shares allotted to Suman Jain and 40,000 equity shares allotted each to Tarang Jain and Anurang Jain.*

(5)30,000 equity shares allotted each to Tarang Jain and Anurang Jain and 25,000 equity shares allotted to Suman Jain.
(6)Conversion of 10,000,000 Optionally Convertible Preference Shares held by Varroc Polymers Private Limited aggregating to ₹ 100 million to 16,000 equity shares of ₹ 10 each at a premium of ₹ 6,240 per equity share.
(7) Bonus Issue of 9,730,000 equity shares in the ratio of 28 equity shares for every 1 equity share held, 1,117,200 equity shares allotted to Naresh Chandra, 4,970,000 equity shares allotted to Tarang Jain, 1,960,000 equity shares allotted to Suman Jain, 420,000 equity shares allotted to Naresh Chandra and Suman Jain, 786,800 equity shares allotted to Tarang Jain and Rochana Jain, 14,000 equity shares allotted to Tarang Jain (HUF), 14,000 equity shares allotted to Naresh Chandra (HUF), 448,000 equity shares allotted to Varroc Polymers Private Limited.
(8)Conversion of 20,000,000 Optionally Convertible Preference Shares held by Varroc Polymers Private Limited aggregating to ₹ 200 million to 388,349 equity shares of ₹ 10 each at a premium of ₹ 505 per equity share.
(9)1 equity share allotted to each of Omega TC Holdings Pte. Ltd. and Tata Capital Financial Services Limited pursuant to the Subscription Agreement.
(10) 1,619,712 equity shares allotted to Omega TC Holdings Pte. Ltd. and 155,203 equity shares allotted to Tata Capital Financial Services Limited pursuant to conversion of 29,999,980 Series A Compulsorily Convertible Preference Shares pursuant to the Subscription Agreement.
(11) 852,349 equity shares held by VPPL were reduced, extinguished and cancelled without any payment pursuant to Board resolution dated October 27, 2016 and July 20, 2017, Shareholders resolution dated November 1, 2016 and August 29, 2017 and NCLT order dated November 9, 2017.
(12) 852,359 equity shares allotted to Tarang Jain pursuant to conversion of 852,359 Series B CCPS pursuant to the Subscription Agreement.

2. **Preference share capital history of our Company**

The Series A CCPS and Series B CCPS issued by our Company were converted into equity shares on March 16, 2017 and January 16, 2018, respectively. Further, the Optionally Convertible Preference Shares were converted into equity shares on March 15, 2013.

Series C CCPS

Date of allotment	Number of preference shares	Face value (₹)	Issue price/ Conversion price per preference share (₹)	Nature of consideration	Reason /Nature of allotment	Cumulative number of preference shares	Cumulative paid up preference share capital (₹)
March 16, 2017	1,168,377[(1)]	10	NA	NA	Bonus Issue of Series C CCPS on equity shares held	1,168,377	11,683,770[(2)]
Pursuant to Board resolution dated January 16, 2018 and the Shareholders resolution dated January 25, 2018, the face value of the shares was sub-divided from ₹ 10 each to ₹ 1 each. Accordingly, the issued, subscribed and the paid-up preference share capital of our Company being 1,168,377 Series C CCPS of ₹ 10 each was sub-divided into 11,683,770 Series C CCPS.							
Total						**11,683,770**	**11,683,770**

(1)187,626 bonus series C CCPS of ₹ 10 each allotted to Naresh Chandra, 840,418 series C CCPS allotted to Tarang Jain and 140,333 series C CCPS allotted to Suman Jain.
(2) Pursuant to the Amendment Agreement, 11,683,770 Series C CCPS held by Tarang Jain shall be converted into 11,683,770 Equity Shares earlier of: (i) atleast 3 (three) working days prior to filing of Red Herring Prospectus by our Company with the RoC for undertaking an IPO or any date mutually acceptable to the Parties; or (ii) the IPO Veto Date; (iii) the Conversion Deadline. For further details, see "History and Certain Corporate Matters" on page 220.

3. **Shares issued for consideration other than cash**

Equity Shares

Our Company has not issued any Equity Shares for consideration other than cash.

Preference Shares

Except as set forth below, our Company has not issued any Preference Shares for consideration other than cash:

Date of allotment	Number of shares	Face value (₹)	Issue price per preference share (₹)	Reason, nature of allotment and benefits accrued to our Company
December 31, 2008	30,000,000*	10	-	Allotment of 30,000,000 Optionally Convertible Preference Shares for consideration other than cash to Varroc Polymers Private Limited as per section 80 of the Companies Act, 1956, the resolution passed by Shareholders of our Company on December 20, 2008 and pursuant to a composite scheme of arrangement approved

Date of allotment	Number of shares	Face value (₹)	Issue price per preference share (₹)	Reason, nature of allotment and benefits accrued to our Company
				by the High Court of Bombay, five units of our Company manufacturing polymer based products were hived off from our Company and merged into Varroc Polymers Private Limited, see "*History and Certain Corporate Matters*" on page 220.

* *On December 31, 2009, 10,000,000 Optionally Convertible Preference Shares held by Varroc Polymers Private Limited aggregating to ₹ 100 million were converted to 16,000 equity shares of ₹ 10 each at a premium of ₹ 6,240 per equity share. On March 15, 2013, 20,000,000 Optionally Convertible Preference Shares held by Varroc Polymers Private Limited aggregating to ₹ 200 million were converted to 388,349 equity shares of ₹ 10 each at a premium of ₹ 505 per equity share. Further, 852,349 equity shares held by VPPL were reduced, extinguished and cancelled pursuant to Board resolutions dated October 27, 2016 and July 20, 2017, Shareholders resolutions dated November 1, 2016 and August 29, 2017 and NCLT order dated November 9, 2017.*

4. **Shares allotted in terms of any scheme approved under section 391- 394 of the Companies Act, 1956 or section 230-232 of the Companies Act, 2013**

For further details of shares allotted in terms of any scheme approved under section 391- 394 of the Companies Act, 1956 or section 230-232 of the Companies Act, 2013, see "*Capital Structure - Shares issued for consideration other than cash – Preference Shares*".

5. **Issue of Equity Shares in the last one year**

As on date of this DRHP, no equity shares have been issued by our Company at a price lower than the Offer Price during the last one year, except as disclosed below:

Date of allotment	Number of equity shares issued	Face value (₹)	Issue price per equity share (₹)	Nature of consideration	Reasons for allotment and benefits accrued to our Company
January 16, 2018	852,359[(1)]	10	10	Cash	Conversion of Series B CCPS to equity shares

[(1)] *852,359 equity shares allotted to Tarang Jain pursuant to conversion of 852,359 Series B CCPS pursuant to the Subscription Agreement.*

6. **Employee stock option scheme**

As on date of this DRHP, our Company does not have any employee stock option scheme / employee stock purchase scheme for its employees.

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

Build-up of Promoter's shareholding in our Company

As on the date of this Draft Red Herring Prospectus, our Promoter holds 50,798,590 Equity Shares, which constitutes 41.26% of the issued, subscribed and paid-up Equity Share capital of our Company. Pursuant to the Amendment Agreement, 11,683,770 Series C CCPS held by Tarang Jain shall be converted into 11,683,770 Equity Shares earlier of: (i) atleast 3 (three) working days prior to filing of Red Herring Prospectus by our Company with the RoC for undertaking an IPO or any date mutually acceptable to the Parties; or (ii) IPO Veto Date; (iii) the Conversion Deadline. For further details, see "*History and Certain Corporate Matters*" on page 220.

Post conversion of Series C CCPS, our Promoter will hold 62,482,360 Equity Shares constituting to 46.35% of the of the issued, subscribed and paid-up Equity Share capital of our Company, on a fully diluted basis.

Of such Equity Shares, our Promoter is offering to sell up to 1,752,560 Equity Shares as part of the Offer for Sale, after which our Promoter shall continue to hold up to [•]% of our post-Offer paid-up Equity Share capital.

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

Date of allotment / transfer	Number of equity shares	Face value (₹)	Issue/ transfer price per equity share (₹)	Consideration	Nature of acquisition / transfer	Percentage of pre-Offer equity share capital as on the date of this Draft Red Herring Prospectus (%)	Percentage of pre-Offer equity share capital on fully diluted basis (%)**	Percentage of post-Offer equity share capital (%)
June 7, 1988	500	10	10	Cash	Subscription to the MoA	0.00	0.00	[•]
October 14, 1989	40,000	10	10*	Cash	Further issue	0.32	0.29	[•]
November 3, 1998	30,000	10	10	Cash	Further issue	0.24	0.22	[•]
March 13, 2002	70,500	10	NA	Gift	Transfer from Anurang Jain	0.57	0.52	[•]
August 8, 2003	(500)	10	10	Cash	Transfer to Tarang Jain HUF	0.00	0.00	[•]
December 20, 2010	37,000	10	NA	Gift	Transfer from Naresh Chandra	0.30	0.27	[•]
February 7, 2011	4,970,000	10	NA	NA	Bonus issue	40.36	36.86	[•]
October 31, 2011	823,000	10	NA	Gift	Transfer from Suman Jain	6.68	6.10	[•]
July 27, 2016	52,330	10	NA	Gift	Transfer from Suman Jain	0.43	0.39	[•]
July 27, 2016	62,795	10	NA	Gift	Transfer from Naresh Chandra	0.51	0.47	[•]
February 28, 2017	14,500	10	NA	Nil	Transfer from Tarang Jain HUF	0.12	0.11	[•]
February 28, 2017	814,900	10	NA	Nil	Transfer of equity shares jointly held by Tarang Jain and Rochana Jain	6.62	6.04	[•]
March 27, 2017	(3,385,000)	10	NA	Gift	Transfer to TJ Holding Trust	27.49	25.11	[•]
March 27, 2017	(500)	10	NA	Gift	Transfer to Arjun Jain	0.00	0.00	[•]

Date of allotment / transfer	Number of equity shares	Face value (₹)	Issue/ transfer price per equity share (₹)	Consideration	Nature of acquisition / transfer	Percentage of pre-Offer equity share capital as on the date of this Draft Red Herring Prospectus (%)	Percentage of pre-Offer equity share capital on fully diluted basis (%)**	Percentage of post-Offer equity share capital (%)
March 27, 2017	(500)	10	NA	Gift	Transfer to Dhruv Jain	0.00	0.00	[•]
August 1, 2017	543,805	10	NA	Gift	Transfer from Naresh Chandra	4.42	4.03	[•]
August 1, 2017	154,670	10	NA	Gift	Transfer from Suman Jain	1.26	1.15	[•]
January 16, 2018	852,359	10	10	Nil	Conversion of Series B CCPS to equity shares	6.92	6.32	[•]
Pursuant to resolution dated January 16, 2018 of our Board, and the Shareholders resolution dated January 25, 2018, the face value of the shares of our Company was sub-divided from ₹ 10 each to ₹ 1 each.								
Total number of Equity Shares								**50,798,590**

* *These equity shares were partly paid -up at the time of allotment and thereafter on March 19, 1990, were made fully paid-up on payment of entire call monies. All other equity shares were fully paid up at the time of allotment.*
** *Pursuant to the Amendment Agreement, 11,683,770 Series C CCPS held by Tarang Jain shall be converted into 11,683,770 Equity Shares earlier of: (i) atleast 3 (three) working days prior to filing of Red Herring Prospectus by our Company with the RoC for undertaking an IPO or any date mutually acceptable to the Parties; or (ii) the IPO Veto Date; (iii) the Conversion Deadline. For further details, see "History and Certain Corporate Matters" on page 220.*

The Equity Shares that are proposed to be locked-in as part of the Minimum Promoter's Contribution (defined herein below) has been acquired by our Promoter on February 7, 2011.

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

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

Date of allotment / transfer	Number of Series C CCPS	Face value (₹)	Issue/ transfer price per Series C CCPS (₹)	Consideration	Nature of acquisition / transfer	Percentage of pre-Offer preference share capital (%)	Percentage of post-Offer preference share capital (%)
March 16, 2017	840,418	10	NA	Bonus Issue	Bonus Issue of Series C CCPS	71.93	0.00
July 20, 2017	187,626	10	NA	Gift	Transfer from Naresh Chandra	16.06	0.00
July 20, 2017	140,333	10	NA	Gift	Transfer from Suman Jain	12.01	0.00
Pursuant to resolution dated January 16, 2018 of our Board and the Shareholders resolution dated January 25, 2018, the face value of the shares of our Company was sub-divided from ₹ 10 each to ₹ 1 each.							
Total	**11,683,770**					**100.00**	0.00*

* *Pursuant to the Amendment Agreement, 11,683,770 Series C CCPS held by Tarang Jain shall be converted into 11,683,770 Equity Shares earlier of: (i) atleast 3 (three) working days prior to filing of Red Herring Prospectus by our Company with the RoC for undertaking an IPO or any date mutually acceptable to the Parties; or (ii) the IPO Veto Date; (iii) the Conversion Deadline. For further details, see "History and Certain Corporate Matters" on page 220.*

8. ***Shareholding of our Promoter and Promoter Group***

Set forth below is the equity shareholding of our Promoter and Promoter Group in our Company as on the date of this Draft Red Herring Prospectus:

Name of Shareholder	**Pre-Offer**		**Pre-Offer[##]**		**Post-Offer[#]**	
	Number of Equity Shares as on the date of this Draft Red Herring Prospectus	**Percentage of Equity Share capital as on the date of this Draft Red Herring Prospectus (%)**	**Number of Equity Shares on a fully diluted basis**	**Percentage of Equity Share capital on a fully diluted basis (%)**	**Number of Equity Shares**	**Percentage of Equity Share capital (%)**
(A) Promoter						
Tarang Jain	50,798,590	41.26	62,482,360	46.35	60,729,800	45.05
(B) Promoter Group						
Tarang Jain*	3,38,50,000	27.49	3,38,50,000	25.11	33,850,000	25.11
Naresh Chandra**	1,00,00,000	8.12	1,00,00,000	7.42	10,000,000	7.42
Suman Jain***	1,00,00,000	8.12	1,00,00,000	7.42	10,000,000	7.42
Arjun Jain	5,000	Negligible	5,000	Negligible	5,000	Negligible
Dhruv Jain	5,000	Negligible	5,000	Negligible	5,000	Negligible
Total	**104,658,590**	**84.99**	**116,342,360**	**86.30**	**114,589,800**	**85.00**

 # Assuming that all the Equity Shares offered by our Promoter as part of the Offer for Sale are transferred pursuant to this Offer.
Pursuant to the Amendment Agreement, 11,683,770 Series C CCPS held by Tarang Jain shall be converted into 11,683,770 Equity Shares earlier of: (i) atleast 3 (three) working days prior to filing of Red Herring Prospectus by our Company with the RoC for undertaking an IPO or any date mutually acceptable to the Parties; or (ii) the IPO Veto Date; (iii) the Conversion Deadline. For further details, see "History and Certain Corporate Matters" on page 220.
** Held by Tarang Jain in his capacity as the family trustee of TJ Holdings Trust. The trustees of the TJ Holdings Trust are Tarang Jain and Rochana Jain, as the family trustees, and Barclays Wealth Trustees (India) Private Limited, as the managing trustee. Pursuant to the TJ Holdings Trust Deed dated January 13, 2017, Tarang Jain shall, as long as he is acting as the family trustee, exclusively exercise voting rights in our Company with respect to these Equity Shares.*
*** Held by Naresh Chandra in his capacity as the family trustee of Naresh Chandra Holdings Trust. The trustees of the Naresh Chandra Holdings Trust are Naresh Chandra, as the family trustee, and Barclays Wealth Trustees (India) Private Limited, as the managing trustee. Pursuant to the Naresh Chandra Holdings Trust Deed dated January 13, 2017, Naresh Chandra shall, as long as he is acting as the family trustee, exclusively exercise voting rights in our Company with respect to these Equity Shares.*
**** Held by Suman Jain in her capacity as the family trustee of Suman Jain Holdings Trust. The trustees of the Suman Jain Holdings Trust are Suman Jain, as the family trustee, and Barclays Wealth Trustees (India) Private Limited, as the managing trustee. Pursuant to the Suman Jain Holdings Trust Deed January 13, 2017, Suman Jain shall, as long as she is acting as the family trustee, exclusively exercise voting rights in our Company with respect to these Equity Shares.*

All Equity Shares held by our Promoter and Promoter Group are in dematerialized form as on the date of this Draft Red Herring Prospectus.

9. ***Details of Promoter's contribution and lock-in for three years***

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

Set forth below are the details of the Equity Shares that will be locked up as Minimum Promoter's Contribution for a period of three years from the date of Allotment of Equity Shares in the Offer.

Name of the Promoter	**No. of Equity Shares to be locked-in**	**Date of allotment/ transfer**	**Allotment/ acquisition price**	**Nature of acquisition / transfer**	**Face value (₹)**	**% of pre-Offer Equity Share capital**	**% of the fully diluted post- Offer Equity Share capital**
Tarang Jain	26,962,306	February 7, 2011	Nil	Bonus issue	1	20	20

For details on the build-up of the Equity Share capital held by our Promoter, see "- *Build-up of Promoter's shareholding in our Company*" on page 108.

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

The minimum Promoter's Contribution has been brought in to the extent of not less than the specified minimum lot and from a person identified as 'promoter' under the SEBI ICDR Regulations.

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

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

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

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

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

10. ***Details of Equity Shares locked-in for one year***

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

The aforesaid lock-in arrangement shall be subject to any subsequent amendments to the lock-in requirements under applicable provisions of the SEBI ICDR Regulations. Any unsubscribed portion of the Equity Shares being offered by the Selling Shareholders in the Offer for Sale would also be locked in as required under the SEBI ICDR Regulations.

11. ***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.

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

Pursuant to Regulation 39 of the SEBI ICDR Regulations, Equity Shares held by our Promoter and locked-in for one year may be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or public financial institutions, provided that such pledge of the Equity Shares is one of the terms of the sanction of the loan. Equity Shares locked-in as Minimum Promoter's Contribution for three years can be pledged only if in addition to fulfilling the aforementioned requirements, such loans have been granted by such banks or financial institutions for the purpose of financing one or more of the objects of the Offer, which is not applicable in the context of this Offer.

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

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

13. **Our shareholding pattern**

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

Category (I)	Category of the Shareholder (II)	No. of Shareholders (III)	No. of fully paid up equity shares held (IV)	No. of partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total No. shares held (VII) = (IV)+(V) + (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	No. of voting rights held in each class of securities (IX)				No. of shares underlying outstanding convertible securities (including Warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a % of diluted share capital (XI)=(VII) + (X) as a % of (A+B+C2)	Number of locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of voting rights			Total as a % of total voting rights			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
								Class eg: X	Class eg: Y	Total								
(A)	**Promoter & Promoter Group***	6	104,658,590	0	0	104,658,590	84.99	104,658,590	0	104,658,590	84.99	11,683,770	86.30	0	0	0	0	104,658,590
(B)	**Public**	2	18,469,170	0	0	18,469,170	15.01	18,469,170	0	18,469,170	15.01	0	13.70	0	0	NA	NA	18,469,170
(C)	**Non Promoter-Non Public**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
(1)	**Shares underlying Custodian/Depository Receipts**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
(2)	**Shares held by Employee Trusts**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
	Total (A)+(B)+(C)	**8**	**123,127,760**	**0**	**0**	**123,127,760**	**100.00**	**123,127,760**	**0**	**123,127,760**	**100.00**	**11,683,770**	**100.00**	**0**	**0**	**0**	**0**	**123,127,760**

** Tarang Jain additionally holds 11,683,770 Series C CCPS .*

14. The GCBRLMs and the BRLM and their respective associates (determined as per definition of the term 'associate' under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) do not hold any Equity Shares as on the date of this Draft Red Herring Prospectus.

15. **Shareholding of our Directors and Key Managerial Personnel in our Company**

Except as stated in "*Our Management*" on page 239, as on date, none of the Directors or Key Managerial Personnel of our Company hold any Equity Shares or Preference Shares.

16. As on the date of this Draft Red Herring Prospectus, our Company has 8 Shareholders.

17. **Top ten largest equity Shareholders of our Company**

(a) Our Company has eight Shareholders on the date of filing of this Draft Red Herring Prospectus and the number of Equity Shares held by them are as set forth below.

S. No.	Shareholder	Number of Equity Shares held	Percentage of Equity Share capital (%)
1.	Tarang Jain	50,798,590	41.26
2.	Tarang Jain**	33,850,000	27.49
3.	Omega TC Holdings Pte. Ltd.	16,917,130	13.74
4.	Naresh Chandra*	10,000,000	8.12
5.	Suman Jain***	10,000,000	8.12
6.	Tata Capital Financial Services Limited	1,552,040	1.26
7.	Arjun Jain	5,000	Negligible
8.	Dhruv Jain	5,000	Negligible
	Total	**123,127,760**	**100.00**

* *Held by Naresh Chandra in his capacity as the family trustee of Naresh Chandra Holdings Trust. The trustees of the Naresh Chandra Holdings Trust are Naresh Chandra, as the family trustee, and Barclays Wealth Trustees (India) Private Limited, as the managing trustee. Pursuant to the Naresh Chandra Holdings Trust Deed dated January 13, 2017, Naresh Chandra shall, as long as he is acting as the family trustee, exclusively exercise voting rights in our Company with respect to these Equity Shares.*

** *Held by Tarang Jain in his capacity as the family trustee of TJ Holdings Trust. The trustees of the TJ Holdings Trust are Tarang Jain and Rochana Jain, as the family trustees, and Barclays Wealth Trustees (India) Private Limited, as the managing trustee. Pursuant to the TJ Holdings Trust Deed dated January 13, 2017, Tarang Jain shall, as long as he is acting as the family trustee, exclusively exercise voting rights in our Company with respect to these Equity Shares.*

*** *Held by Suman Jain in her capacity as the family trustee of Suman Jain Holdings Trust. The trustees of the Suman Jain Holdings Trust are Suman Jain, as the family trustee, and Barclays Wealth Trustees (India) Private Limited, as the managing trustee. Pursuant to the Suman Jain Holdings Trust Deed dated January 13, 2017, Suman Jain shall, as long as she is acting as the family trustee, exclusively exercise voting rights in our Company with respect to these Equity Shares.*

(b) Our Company had eight Shareholders ten days prior to the date of this Draft Red Herring Prospectus (i.e., March 18, 2018) and the number of Equity Shares held by them are as set forth below.

S. No.	Shareholder	Number of Equity Shares held	Percentage of Equity Share capital (%)
1.	Tarang Jain	50,798,590	41.26
2.	Tarang Jain**	33,850,000	27.49
3.	Omega TC Holdings Pte. Ltd.	16,917,130	13.74
4.	Naresh Chandra*	10,000,000	8.12
5.	Suman Jain***	10,000,000	8.12
6.	Tata Capital Financial Services Limited	1,552,040	1.26
7.	Arjun Jain	5,000	Negligible
8.	Dhruv Jain	5,000	Negligible
	Total	**123,127,760**	**100.00**

* *Held by Naresh Chandra in his capacity as the family trustee of Naresh Chandra Holdings Trust. The trustees of the Naresh Chandra Holdings Trust are Naresh Chandra, as the family trustee, and Barclays Wealth Trustees (India) Private Limited, as the managing trustee. Pursuant to the Naresh Chandra Holdings Trust Deed dated January 13, 2017, Naresh Chandra shall, as long as he is acting as the family trustee, exclusively exercise voting rights in our Company with respect to these Equity Shares.*

** *Held by Tarang Jain in his capacity as the family trustee of TJ Holdings Trust. The trustees of the TJ Holdings*

Trust are Tarang Jain and Rochana Jain, as the family trustees, and Barclays Wealth Trustees (India) Private Limited, as the managing trustee. Pursuant to the TJ Holdings Trust Deed dated January 13, 2017, Tarang Jain shall, as long as he is acting as the family trustee, exclusively exercise voting rights in our Company with respect to these Equity Shares.

**** Held by Suman Jain in her capacity as the family trustee of Suman Jain Holdings Trust. The trustees of the Suman Jain Holdings Trust are Suman Jain, as the family trustee, and Barclays Wealth Trustees (India) Private Limited, as the managing trustee. Pursuant to the Suman Jain Holdings Trust Deed dated January 13, 2017, Suman Jain shall, as long as she is acting as the family trustee, exclusively exercise voting rights in our Company with respect to these Equity Shares.*

(c) Our Company had 9 equity Shareholders two years prior to the date of this Draft Red Herring Prospectus (i.e., March 31, 2016), and the number of equity shares held by them are as set forth below.

S. No.	Shareholder	Number of equity shares of ₹ 10	Percentage of Equity Share capital (%)
1.	Tarang Jain	5,970,500	57.05
2.	Suman Jain	1,207,000	11.53
3.	Naresh Chandra	1,171,600	11.19
4.	Varroc Polymers Private Limited	852,349	8.14
5.	Tarang Jain jointly with Rochana Jain	814,900	7.79
6.	Naresh Chandra jointly with Suman Jain	435,000	4.16
7.	Tarang Jain – HUF	14,500	0.14
8.	Omega TC Holdings Pte. Ltd.	1	Negligible
9.	Tata Capital Financial Services Limited	1	Negligible
	Total	**10,465,851**	**100.00**

For details relating to the cost of acquisition of Equity Shares by our Promoter, see "*Risk Factors – Prominent Notes*" on page 52.

18. Up to 100,000 Equity Shares shall be reserved for allocation to Eligible Employees on a proportionate basis, subject to valid Bids being received at or above the Offer Price. Only Eligible Employees would be eligible to apply in this Offer under the Employee Reservation Portion. Bids by Eligible Employees can also be made in the Net Offer and such Bids shall not be treated as multiple Bids. Unless the Employee Reservation Portion is undersubscribed, the value of allocation to an Eligible Employee shall not exceed ₹ 200,000. In the event of undersubscription in the Employee Reservation Portion, the unsubscribed portion may be allocated, on a proportionate basis, to Eligible Employees for value exceeding ₹ 200,000 up to ₹ 500,000 each. Any unsubscribed portion remaining in the Employee Reservation Portion shall be added to the Net Offer to the public.

19. Our Promoter, members of the Promoter Group or our Directors or their immediate relatives have not sold or purchased, or financed the sale or purchase of, Equity Shares by any other person during the six months immediately preceding the date of this Draft Red Herring Prospectus.

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

21. No person connected with the Offer, including, but not limited to, our Company, the Selling Shareholders, the members of the Syndicate, our Directors, our Promoter or the members of the Promoter Group, shall offer in any manner whatsoever any incentive, whether direct or indirect, in cash, in kind or in services or otherwise to any Bidder for making a Bid.

22. None of the Equity Shares being offered through the Offer are pledged or otherwise encumbered.

23. Under-subscription, if any, in any category, except the QIB Category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the GCBRLMs, the BRLM and the Designated Stock Exchange. In case of under-subscription in the Net Offer, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion to the Net Offer.

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

25. Our Company has not issued any Equity Shares out of revaluation reserves since incorporation.

26. Except the Series C CCPS, there are no outstanding warrants, options or rights to convert debentures, loans or other convertible instruments into Equity Shares as on the date of this Draft Red Herring Prospectus. Pursuant to the Amendment Agreement, 11,683,770 Series C CCPS held by Tarang Jain shall be converted into 11,683,770 Equity Shares earlier of: (i) atleast 3 (three) working days prior to filing of Red Herring Prospectus by our Company with the RoC for undertaking an IPO or any date mutually acceptable to the Parties; or (ii) the IPO Veto Date; (iii) the Conversion Deadline. For further details, see "*History and Certain Corporate Matters*" on page 220.

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

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

29. Except for participation by our Promoter in the Offer for Sale as a Selling Shareholder, our Promoter or the members of the Promoter Group will not participate in the Offer.

30. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

31. Except for mutual funds sponsored by entities related to the GCBRLMs, the BRLM, Syndicate Members and any persons related to the GCBRLMs and the BRLM or Syndicate Members cannot apply in the Offer under the Anchor Investor portion.

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

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

34. A Bidder cannot make a Bid exceeding the number of Equity Shares offered through this Offer and subject to the investment limits or maximum number of Equity Shares that can be held by them under applicable law. For more information, see "*Offer Procedure*" on page 592.

OBJECTS OF THE OFFER

The objects of the Offer are to achieve the benefits of listing the Equity Shares on the Stock Exchanges and to carry out the Offer for Sale by Selling Shareholders. Further, our Company expects that listing of the Equity Shares will enhance our visibility and brand image and provide liquidity to our Shareholders. The listing will also provide a public market for the Equity Shares in India. Our Company will not receive any proceeds from the Offer and all the proceeds will be received by the Selling Shareholders, in proportion to the Equity Shares offered by the respective Selling Shareholders as part of the Offer. For details of Offered Shares by each Selling Shareholder, see *"Other Regulatory and Statutory Disclosures*" on page 567.

Offer related expenses

The total Offer related expenses are estimated to be approximately ₹[●] million. The Offer related expenses consist of listing fees, selling commission and brokerage, fees payable to the GCBRLMs and the BRLM, legal counsels, Registrar to the Offer, Escrow Collection Bank, Refund Bank and Public Offer 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, SCSCBs, 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. The break-up for the estimated Offer expenses are as follows:

Activity	Amount (1) (₹ in million)	As a % of total estimated Offer related expenses(1)	As a % of Offer size(1)
Fees payable to the GCBRLMs and the BRLM and brokerage and selling commission for members of the Syndicate, SCSBs, RTAs and CDPs (2)	[•]	[•]	[•]
Processing fees to SCSBs for ASBA Applications procured by the Syndicate, Sub-Syndicate, Registered Brokers, RTAs or CDPs and submitted with the SCSBs; and Bidding Charges to members of the Syndicate, RTAs and CDPs (3)	[•]	[•]	[•]
Selling commission for Registered Brokers (4)	[•]	[•]	[•]
Fees payable to Registrar to the Offer	[•]	[•]	[•]
Printing and stationery expenses	[•]	[•]	[•]
Advertising and marketing expenses	[•]	[•]	[•]
Others: i. Listing fees; ii. SEBI, BSE and NSE processing fees; iii. Fees payable to legal counsels; and iv. Miscellaneous.	[•]	[•]	[•]
Total estimated Offer expenses	[•]	[•]	[•]

(1) The Offer expenses will be incorporated in the Prospectus on finalization of Offer Price.

(2) Selling commission payable to the SCSBs, members of the Syndicate (including their sub-Syndicate Members), RTAs and CDPs, on the portion for Retail Individual Bidders and Non-Institutional Bidders, which are directly procured by them would be as follows: [•]

(3) SCSBs will be entitled to a processing fee of ₹[•] (plus applicable taxes) per valid Bid cum Application Form, for processing the Bid cum Application Form procured by the members of the Syndicate, the Registered Brokers, CRTAs or CDPs from Retail Individual Bidders and Non-Institutional Bidders and submitted to the SCSBs for blocking.

Bidding Charges: ₹[•] (plus applicable taxes), per valid application bid by the Syndicate, RTAs and CDPs

Registered Brokers will be entitled to a commission of ₹[•] (plus applicable taxes) per valid ASBA Form directly procured by the Registered Brokers from Retail Individual Bidders and Non-Institutional Bidders and submitted to the SCSBs for processing.

Other than listing fees, which will be borne by our Company, all costs, fees and expenses with respect to the Offer will be shared between the Selling Shareholders, in proportion to their respective Offered Shares sold pursuant to the Offer, upon successful completion of the Offer. Upon the successful completion of the Offer, each of the Selling Shareholders agree that they shall severally and not jointly reimburse our Company, on a pro-rata basis, in proportion to their respective Offered Shares sold pursuant to the Offer, for any expenses (other than listing fees) incurred by our Company on behalf of the Selling Shareholders.

Monitoring of Utilization of Funds

As the Offer is an offer for sale and our Company will not receive any proceeds from the Offer, our Company is not required to appoint a monitoring agency for the Offer, in terms of the Regulation 16 of the SEBI ICDR Regulations.

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and the Selling Shareholders in consultation with the GCBRLMs and BRLM 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 ₹ 1each and the Offer Price is [•] times the face value at the lower end of the Price Band and [•] times the face value at the higher end of the Price Band.

Investors should see "*Our Business*", "*Risk Factors*" and "*Restated Financial Information*" beginning on pages 180, 19 and 263, respectively, to have an informed view before making an investment decision.

Qualitative Factors

We believe the qualitative factors which forms the basis for the Offer Price is as follows:

- Strong competitive position in attractive growing markets
- Strong, long-standing customer relationships
- Comprehensive product portfolio
- Low cost, strategically located manufacturing and design footprint
- Robust in-house technology, innovation and R&D capabilities
- Consistent track record of growth and operational and financial efficiency

For further details, see "*Our Business - Our Strengths*" on page 182 of this Draft Red Herring Prospectus.

Quantitative Factors

Certain information presented below relating to our Company is based on the Restated Consolidated Financial Information and Restated Standalone Financial Information, prepared in accordance with Ind AS as the base for Fiscals 2017, 2016 and 2015 and for nine-month period ended December 31, 2017, the Companies Act, 2013 and restated in accordance with SEBI ICDR Regulations. For details, see "*Financial Statements*" beginning on page 263.

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:

As per Restated Consolidated Financial Information:

Fiscal	Basic EPS (In ₹)	Diluted EPS (In ₹)	Weight
2015	1.35	1.35	1
2016	38.42	21.77	2
2017	27.74	27.21	3
Weighted Average	**26.90**	**21.09**	
Nine-month period ended December 31, 2017*	22.84	22.84	

** Not annualized*

As per Restated Standalone Financial Information:

Fiscal	Basic EPS (In ₹)	Diluted EPS (In ₹)	Weight
2015	(32.39)	(32.39)	1
2016	13.63	1.33	2
2017	3.59	3.59	3
Weighted Average	**0.94**	**(3.16)**	
Nine-month period ended December 31, 2017*	3.67	3.67	

** Not annualized*

Notes:

i) *The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in Annexure IV beginning on page 263. The figures disclosed above are based on the restated financial information of our Company.*

ii) *The face value of each Equity Share is ₹ 1. Basic EPS and Diluted EPS calculations are in accordance with Accounting Standard 20 (AS-20) 'Earnings per Share', notified under Section 133 of Companies Act, 2013 read together along with paragraph 7 of the Companies (Accounts) Rules, 2014.*

a. Basic EPS (in ₹) = Net profit as restated, attributable to equity shareholders/Weighted average number of equity shares outstanding during the year

b. Diluted EPS (in ₹) = Net profit as restated, attributable to equity shareholders/Weighted average number of dilutive equity shares outstanding during the year

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

iv) *Subsequent to the period ended December 31, 2017, our Company has sub divided the face value per equity share from ₹10 to ₹1, accordingly Basic and Diluted earnings per share presented above has been adjusted in line with Ind AS 33 - 'Earnings per share' and other ratios has been adjusted appropriately.*

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

Particulars	P/E at the lower end of Price band (no. of times)*	P/E at the higher end of Price band (no. of times)*
Based on basic EPS for the year ended March 31, 2017 on a standalone basis	[•]	[•]
Based on basic EPS for the year ended March 31, 2017 on a consolidated basis	[•]	[•]
Based on diluted EPS for the year ended March 31, 2017 on a standalone basis	[•]	[•]
Based on diluted EPS for the year ended March 31, 2017 on a consolidated basis	[•]	[•]

**will be populated in the Prospectus*

3. Industry P/E ratio

Industry P/E*	
Highest	51.64
Lowest	40.56
Industry Composite	46.96

* *Note - The highest and lowest Industry P/E shown above is based on the peer set provided below under "Comparison with listed industry peers". The industry average has been calculated as the arithmetic average P/E of the peer set provided below. For further details, see "***Comparison with listed industry peers***" hereunder.*

4. Return on Net Worth ("RoNW")

As per Restated Consolidated Financial Information of our Company:

Particulars	RoNW %	Weight
Year ended March 31, 2015	1.20%	1
Year ended March 31, 2016	21.15%	2
Year ended March 31, 2017	13.88%	3
Weighted Average	**14.19%**	
Nine-month period ended December 31, 2017*	11.79%	

* *Not annualized*

As per Restated Standalone Financial Information of our Company:

Particulars	RoNW %	Weight
Year ended March 31, 2015	-114.96%	1
Year ended March 31, 2016	20.88%	2
Year ended March 31, 2017	4.48%	3
Weighted Average	**-9.96%**	
Nine-month period ended December 31, 2017*	5.25%	

** Not annualized*

Notes:

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

(2) Return on Net Worth (%) = Net Profit after Tax (as restated) divided by Net worth for Equity Shareholders at the end of the year/period

(3) Net worth for Equity Shareholders is Equity share capital + Reserves and surplus (including Retained Earnings, General Reserve, Debenture redemption reserve, Capital redemption reserve, Capital reserve, Statutory reserve, Security premium reserve)+ Other Reserves (Foreign Currency Translation Reserve, Cash Flow Hedge, Equity Component of CCPS.

There will be no change in the net worth post-Offer as the Offer is by way of Offer for Sale by the Promoter Selling Shareholders and Investor Selling Shareholders.

Net Asset Value per Equity Share of face value of ₹ 1 each Financial year ended/ Period Ended	Restated Consolidated (₹)	Restated Standalone (₹)
March 31, 2017	190.51	76.77
December 31,2017 *	212.06	81.12
December 31,2017 on Floor Price	[•]	[•]
December 31,2017 on Cap Price	[•]	[•]
December 31,2017 on Offer Price	[•]	[•]

** Not annualized*

Notes:

(1) Offer Price per Equity Share will be determined on conclusion of the Book Building Process.

(2) Net Asset Value Per Equity Share = <u>Net worth for Equity Shareholders as per the restated financial information</u>

Total number of equity shares outstanding as at the end of year/period

(3) Net worth for Equity Shareholders is Equity share capital + Reserves and surplus (including Retained Earnings, General Reserve, Debenture redemption reserve, Capital redemption reserve, Capital reserve, Statutory reserve, Security premium reserve)+ Other Reserves (Foreign Currency Translation Reserve, Cash Flow Hedge, Equity Component of CCPS.

(4) Subsequent to the period ended December 31, 2017, our Company has sub divided the face value per equity share from Rs. 10 to Re. 1, accordingly ratios has been adjusted appropriately.

5. Comparison of Accounting Ratios with Listed Industry Peers

Name of Company	Face Value (₹ Per Share)	Closing price on March 16, 2018 (₹)	Revenue from operations and other Income for the Fiscal 2017 (in ₹ million)	EPS (₹)		NAV (₹ per share)	P/E	RONW (%)
				Basic	Diluted			
Varroc Engineering Limited[#]	1.00	[•]	97,022.69	27.74	27.21	190.51	[•]	13.88%
Peer Group								

Name of Company	Face Value (₹ Per Share)	Closing price on March 16, 2018 (₹)	Revenue from operations and other Income for the Fiscal 2017 (in ₹ million)	EPS (₹)		NAV (₹ per share)	P/E	RONW (%)
				Basic	Diluted			
Motherson Sumi*	1.00	307.45	434,212.00	11.37	11.37	74.85	40.56@	20.68%
Bharat Forge*	2.00	736.60	67,174.35	30.26^	30.26^	177.26	48.68@	17.22%
Endurance Technologies*	10.00	1,212.40	60,222.92	23.48	23.48	122.94	51.64	19.10%

** Source: Based on consolidated financial information of the companies from Annual Reports; Closing share prices as available on NSE*

Note: Revenue is as reported (includes other income); Price earnings ratio calculated by dividing the market value of the shares of the companies by the total outstanding number of shares; Return on Net Worth is calculated as Net Profit After Tax for the period divided by Net worth for Equity Shareholders; Net Asset Value per share is calculated as Net worth for Equity Shareholders divided by number of paid-up equity shares of our Company outstanding as on the balance sheet date.

^ Indicates EPS for continuing and discontinued operations

#Subsequent to the period ended December 31, 2017, Company has sub divided the face value per equity share from ₹10 to ₹1, accordingly Basic and Diluted earnings per share presented above has been adjusted in line with Ind AS 33 - 'Earnings per share' and other ratios has been adjusted appropriately

@ Note that for calculation of P/E, EPS has been adjusted for 1:2 bonus issue by Motherson Sumi on July 5, 2017, and 1:1 bonus issue by Bharat Forge on September 28, 2017

The peer group listed companies as stated above are engaged in the auto ancillaries business.

The Offer Price of ₹ [•] has been determined by our Company and the Selling Shareholders in consultation with the GCBRLMs and BRLM, 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.

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 "*Restated Financial Information*" beginning on pages 19, 180, 529 and 263 respectively, to have a more informed view. The trading price of Equity Shares could decline due to factors mentioned in "*Risk Factors*" beginning on page 19 and you may lose all or part of your investments.

STATEMENT OF TAX BENEFITS

To,

The Board of Directors
Varroc Engineering Limited
L-4, MIDC, Waluj
Aurangabad 431136
Maharashtra, India

Kotak Mahindra Capital Company Limited ("Kotak")
1st Floor, 27 BKC, Plot No. 27
"G" Block, Bandra Kurla Complex
Bandra (East)
Mumbai 400 051
Maharashtra, India

Citigroup Global Markets India Private Limited ("Citi")
1202, 12th Floor, First International Financial Centre
G Block C 54 & 55
Bandra Kurla Complex, Bandra (East)
Mumbai 400 098
Maharashtra, India

Credit Suisse Securities (India) Private Limited ("CS")
10th Floor, Ceejay House
Dr. Annie Besant Road
Worli
Mumbai 400 018
Maharashtra, India

IIFL Holdings Limited ("IIFL")
10th Floor, IIFL Centre, Kamala City
Senapati Bapat Marg, Lower Parel (West),
Mumbai 400 013
Maharashtra, India

(Kotak, Citi, CS, IIFL and any other book running lead managers appointed in relation to the Offer, collectively, the "**Book Running Lead Managers**" or the "**BRLMs**")

Ladies and Gentlemen,

Proposed initial public offering (the "Offer") of equity shares ("Equity Shares") by Varroc Engineering Limited (the "Company").

Subject: Statement of possible tax benefits available to Varroc Engineering Limited (the "Company") and its shareholders, prepared in accordance with the requirement in Schedule VIII – Clause (VII) (L) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009, as amended

We, Kirtane & Pandit LLP Chartered Accountants, hereby confirm that the enclosed **Annexure A** states the possible special tax benefits available to the Company and the shareholders of the Company. The benefits discussed in the enclosed Annexure cover only special tax benefits available to the Company & the Shareholders and do not cover any general tax benefits available. Special tax benefits are benefits which are generally not available for all the companies. We are informed that, this Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice.

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

a) The Company or its Shareholders will continue to obtain these benefits in future; or

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

The contents of the enclosed statement are based on the information, explanations, representations obtained from the Company and on the basis of our understanding of the business activities / operations of the Company.

We hereby consent to be named an "expert" under the Companies Act, 2013, as amended, and our name may be disclosed as an expert to any applicable legal or regulatory authority insofar as may be required, in relation to the statements contained therein. We further confirm that we are not and have not been engaged or interested in the formation or promotion or management of the Company.

We undertake to inform you promptly, in writing of any changes, intimated to us by the management of the Company, to the above information until the Equity Shares commence trading on BSE Limited (the "**BSE**") and the National Stock Exchange of India Limited (the "**NSE**" and together with BSE, the "**Stock Exchanges**"). In the absence of any such communication from us, the above information should be considered as updated information until the Equity Shares commence trading on the Stock Exchanges, pursuant to the Offer.

This certificate may be relied upon by the legal counsels and BRLMs appointed in relation to the Offer. We hereby consent to the extracts of this certificate being used in the draft red herring prospectus, red herring prospectus and prospectus in connection with the Offer and for submission to the Securities and Exchange Board of India, relevant Stock Exchanges and any other authority as may be required. We further consent to the aforementioned details being included for the records to be maintained by the BRLMs in connection with the Offer and in accordance with applicable laws.

Capitalized terms and not defined herein shall have the same meaning as ascribed to them in the draft red herring prospectus, red herring prospectus or prospectus as applicable.

For Kirtane and Pandit LLP
Chartered Accountants
Firm Registration No.: - 105215W

CA Mehul R. Shah
(Partner)
Membership Number**: - 129408**

Place:- Pune
Date:- March 26, 2018

Encl.: As above

Annexure-A

ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO VARROC ENGINEERING LIMITED ('THE COMPANY') (INCLUDING ITS SUBSIDIARIES) AND ITS SHAREHOLDERS UNDER RELEVANT LAWS IN FORCE.

Outlined below are the possible special tax benefits available to the Company including its subsidiaries and its shareholders under respective tax laws. These benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under respective tax laws in force. Hence, the ability of the Company or its shareholders to derive the special tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfill.

1. Special tax benefits available to the Company: (India perspective)

Grant of subsidy from various state governments:

Varroc engineering limited is eligible for certain state government incentives in connection with the expansion of manufacturing units in the State of Maharashtra. Incentive includes,

- Industrial Promotion Subsidy under Package Scheme of Incentives, of Maharashtra state ('the scheme') for incentivizing it to set up its mega industrial unit in backward areas and generation of employment etc. In terms of the Scheme and based on Eligibility Certificates (ECs) for different plants, the incentives are sanctioned and disbursed by the relevant authorities on confirmation of compliance with conditions prescribed in the Scheme.
- exemption from electricity duty for a specified period
- exemption from the payment of stamp duty;

Deduction under section 80IC:

Varroc Engineering Limited has an undertaking in Pantnagar, Uttaranchal which is eligible for the purpose of deduction under section 80IC of the Income-tax Act, 1961 ("the Act"). In accordance with and subject to the conditions specified in section 80IC of the Act, the Company may be entitled for a deduction of an amount equal to 100 percent of profits or gains derived for first 5 years and 30 percent of profits or gains derived for next 5 years in respect of profits derived by such undertaking.

We have been given to understand that financial year 2016-17 is the last year for claiming 100 percent deduction of profits or gains under section 80IC of the Act. Pantnagar Plant is eligible for deduction of an amount equal to 30 percent of profits or gains of undertaking from the financial year 2017-18, subject to the fulfillment of conditions stipulated in section 80IC of the Act.

Deduction under section 80IA:

Varroc Engineering Limited has setup windmills in the state of Maharashtra and Karnataka. In accordance with and subject to the conditions specified under Section 80-IA of the Act, the Company is eligible for 100 per cent deduction of the profits derived from the generation of wind power for any ten consecutive financial years out of the 15 financial years beginning from the year in which the undertaking of the Company starts generating the wind power. The Company started generating wind power from the FY 2006-07. The Company has started availing deduction from the FY 2011-12 onwards. The Company is entitled to claim depreciation at 40 per cent on written down value of block of asset of the wind mills from the F.Y. 2017-18 onwards.

Deduction under section 35(2AB):

Varroc Engineering Limited and some of its Indian subsidiaries have Research and Development ("R & D") undertakings, registered with Department of Scientific and Industrial Research (DSIR), eligible for deduction u/s 35(2AB) of the Act. In accordance with and subject to the conditions specified in section 35(2AB) of the Act, the company is entitled to weighted deduction at the rate of 200% on scientific research and development expenditure *(except on land and building but including other capital assets used in R & D)* incurred on in-house R & D facility as approved by the DSIR.

As per the amendments to Income Tax Act 1961, from F.Y. 2017-18, the quantum of deductions would be restricted to 150% of eligible expenditures. Further, from F.Y. 2020-21, such deduction would be reduced to 100%.

2. <u>Special tax benefits available to the Foreign Subsidiaries and Foreign Associates.</u>

(For the special tax benefit available to the foreign subsidiaries and foreign associates we have relied on the certificate / clarification received from foreign independent accountants / Tax Consultants.)

a) Varroc Lighting Systems, s.r.o (Czech Republic)

We have relied on the certificate dated 4th March 2018 provided by PricewaterhouseCoopers Česká republika, s.r.o. *(Copy of said certificate is attached as Annexure no 'B' to this certificate)*

Relevant extract of the certificate is as follows.

1. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY

Varroc lighting Systems is granted by investment incentives according to the Czech Investment Incentives Act and thus is eligible tax incentives (i.e., tax relief). This tax incentives amount to the 40% of eligible costs (i.e., costs spent on specific and approved investment). The maximum amount of tax incentives available for the Company is CZK 511.68 million. Tax incentives may be utilized within 10 years starting FY15 tax period (from 1 April 2014 to 31 March 2015) and are subject to compliance with conditions stipulated by the Investment Incentive Act.

2. SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS

There are no special tax benefits available to the shareholders of the Company.

b) Associate / Joint Venture companies in China

As per the clarification received from the local management as well as local tax consultant, Varroc TYC for its Changzhou plant & Chongqing Plant enjoys following special tax benefits.

- Varroc TYC Changzhou plant have favorable tax rate of 15% being an eligible 'High Tech Enterprise' and such rate is applicable for fiscal year 2015 till fiscal year 2017.

- Varroc TYC Chongqing plant have a favorable tax rate of 15% being eligible company under the 'Development of West Region Encouragement Policy'. Such favorable rate is enjoyed from fiscal year 2017 till fiscal year 2020.

c) Newly registered company in Morocco

Based on the information and comments made available to us and after discussion with management of the company, it has been informed as follows.

In Morocco, Company enjoys complete income tax holiday for the first five years from Fiscal year 2018 onwards. From the sixth year, company is required to pay corporate income tax at a rate of 8.75% for next 20 years, thereafter the normal tax rate of 17.5% is applicable. Company is also eligible for up to 20% rebate of capital expenditure investment incentive, where each grant will be paid to the company when 25% portion of the investment is completed. Company also enjoys other incentives such as a 20% discount on the lease of building for the first three years.

3. Special tax benefits available to the Shareholders:

There are no special tax benefits available to the resident shareholders with regards to the investment made in the shares of the Company.

Note:

i) The statement of tax benefits enumerated above is as per the Income Tax Act 1961 including amendments as set out in the Finance Act 2018.

ii) The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.

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

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

*We have commissioned Yole in respect of a research report titled "Industry Report on Automotive Lighting: Market, Industry and Technologies" dated March 20, 2018 and CRISIL Research in respect of a research report titled "Report on Specific Auto Components for Indian two and three-wheeler industry" issued in March 2018 (the "**Reports**"). The Reports use certain methodologies for market sizing and forecasting. Neither we, nor any of the Book Running Lead Managers, have independently verified such data and therefore, while we believe them to be true, we cannot assure you that they are complete or reliable. Accordingly, investors should read the industry related disclosure in this Draft Red Herring Prospectus in this context. 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, 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.*

Industry and market data used in this section has been extracted from the Reports. For further details and risks in relation to commissioned reports, see "Risk Factors— We are not able to guarantee the accuracy of third party information" beginning on page 44, and "Certain Conventions, Use of Financial Information and Market Data and Currency of Presenation—Industry and Market Data" beginning on page 15.

MACROECONOMIC OVERVIEW OF THE GLOBAL ECONOMY

Assessment of growth globally

According to CRISIL Research, global economic activity got off to a strong start in 2018, with the International Monetary Fund (the "**IMF**") pegging global gross domestic product (GDP) growth at 3.7% in 2017 compared with 3.2% in 2016. The pickup in growth has been broad-based, with notable upside in Europe and Asia. The IMF has also revised up its global growth forecasts for 2018 and 2019 by 20 basis points each, to 3.9% in both the years. The IMF attributed the upward revision to increased global growth momentum and the expected impact of the recently approved US tax policy changes. However, the IMF has cited rich asset valuations and very compressed term premiums, which raises possibility of financial market correction, as the downside to its growth forecast. GDP growth in the US for the fourth quarter of 2017 came lower at 2.6% on-quarter, compared with 3.2% in the third quarter. The Q4 GDP growth reflected positive contributions from personal consumption expenditures (PCE), fixed investment, and state and government spending, which was partly offset by negative contributions from private inventory investment and net exports. The UK economy posted a 0.5% on-quarter (not annualised) growth in Q4 2017, marking the strongest quarterly growth in the year, which was driven by the strengthening of the services and manufacturing sector, which were partially offset by a decline in construction activity. In Q4 2017, China posted 6.8% year-on-year growth, which according to CRISIL Research is stable compared with Q3 2017.

Review of key events and impact on the global economy

Brexit

According to CRISIL Research, Britain's decision to move out of the European Union (the "**EU**") has added weakness, fragility and uncertainty in the global economy and has also caused turmoil in the markets. While Britain will remain a full member of the EU for at least two more years, CRISIL Research notes that divorce negotiations with the European Commission could commence under Article 50 of the Lisbon Treaty in the near future. According to CRISIL Research, the political situation in Europe at that moment was economically and financially uncertain, and a weaker pound had helped reduce the UK's current account deficit (CAD), by supporting exports and lowering imports. But other forms of capital flows (such as foreign direct investments) suffered, as investors postponed their decision or relocated due to heightened uncertainty.

Crude oil prices could rise

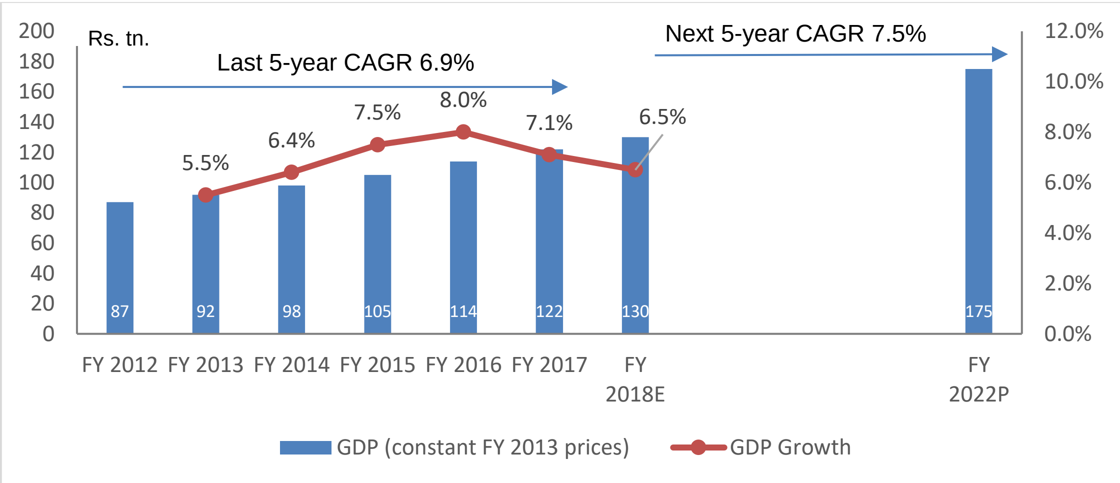
According to CRISIL Research, crude oil prices (dated Brent) declined by 5.1 per cent m-o-m to $65.4 per barrel in February 2018, owing to a significant rise in output from the US, which hit record highs of 10.3 mbpd during the month, surpassing Saudi Arabia and Russia. Furthermore, the crash in global stock markets in the beginning of the month contributed to lower oil prices.

Brent crude fell to $65 per barrel in February 2018 from an average $69 per barrel in January 2018, 5.5% down on-month and 17.7% higher on-year. In 2018, CRISIL Research expects crude oil prices to range between $63 and $68 per barrel, aided by OPEC-led supply cuts and strong demand from the US and non-OECD nations such as India. However, CRISIL Research does not expect crude oil prices to sustain at the current highs of $68-69 per barrel as factors such as temporary supply disruptions in the North Sea and Libya, and political unrest in Iran could end in the near term. Also, restarting of operations by pipelines in North Sea and Libya and a rise in oil production in the US are likely to restrict rise in oil prices. However, adherence to the OPEC pact, especially by non-members such as Russia (which is currently producing at record levels), will remain a key risk factor in driving oil prices.

MACROECONOMIC OVERVIEW OF THE INDIAN ECONOMY

According to CRISIL Research, the world economy witnessed a strong cyclical recovery in 2017, and was also balanced, with investment, consumption and trade contributing to momentum. India did not benefit much from this because of domestic headwinds, such as demonetization and glitches in the implementation of the Goods and Services Tax (GST).

Real GDP growth in India



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

According to CRISIL Research, FY 2018 should be a better year for India, both in terms of global growth and the country's ability to benefit from the GST, given that the effect of demonetization has almost faded and the GST bottlenecks are being ironed out. This, together with a weak base of the current FY and a step-up in world GDP growth, is expected to lift India's GDP growth by 6.5% in FY 2018.

India's merchandise exports slowed to 12.4% on-year in December from 30.5% in November. Import growth, however, increased further to 21.1% from 19.6% in November. Trade deficit expanded to a three-year high of $14.9 billion from $13.8 billion in November. The slowdown was attributed to stagnation in mining activity and moderation in manufacturing and electricity. As per usage-based classification, the production of consumer durables declined for the second consecutive month.

In the medium term, CRISIL Research expects the pace of economic growth to pick up, as structural reforms – such as the GST and the Bankruptcy Code, aimed at de-clogging the economy and raising the trend rate of growth – begin to impact the economy. Assuming that the monetary and fiscal policies remain prudent, these reforms would lead to efficiency gains and improve the prospects for sustainable high growth in the years to come. An improving macroeconomic environment (softer interest rate and stable inflation), urbanization, a rising middle class and business-friendly government reforms will drive growth in the long term. As per the IMF, the Indian economy is projected to grow at a 7.5% CAGR during FY2017-FY2022 period over the next five years. Growth will be higher than the economies of many emerging as well as developed economies, such as Brazil, Russia and China.

Outlook on agriculture, industrial and services GDP

The agriculture sector is expected to grow 2.8% in FY 2018:

- Assuming a normal monsoon, CRISIL Research expects the agricultural gross value added (GVA) to grow to 2.8% in FY2018 and 3.5% in FY2019.
- The Indian Meteorological Department ("**IMD**") had forecasted 2% deficiency for the south-west monsoon at an all-India level, but the actual deficiency was 5% compared with 3% in 2016. However, distribution has been uneven with excess rains in some parts and severe shortage in others.
- While the kharif (i.e. monsoon) output has been flat, support from prices has supported farm incomes.
- Rabi sowing (i.e. agricultural crops sown in winter and harvested in the spring) is also only marginally higher, with weather conditions looking favorable for a healthy output.
- Growth in farm incomes should be driven by a positive rabi cycle and steady cash flow to farmers.
- Assuming a normal monsoon next year, another year of growth in agriculture can be expected in FY2019.

Industrial

- For FY2018, CRISIL Research expects industrial GDP growth at 6.2%, up from 5.6% in FY2017, on the back of higher government spending, to boost the core sectors such as steel, cement and coal.
- As a result of this, higher domestic demand will put to use spare capacity in sectors such as cement, steel and consumer durables, which will help regain the appetite for industrial investment in the economy.
- CRISIL Research expects industrial GDP to grow 6.7% in FY2019.

Services

CRISIL Research expects the services sector to grow 8.1% in FY2018:

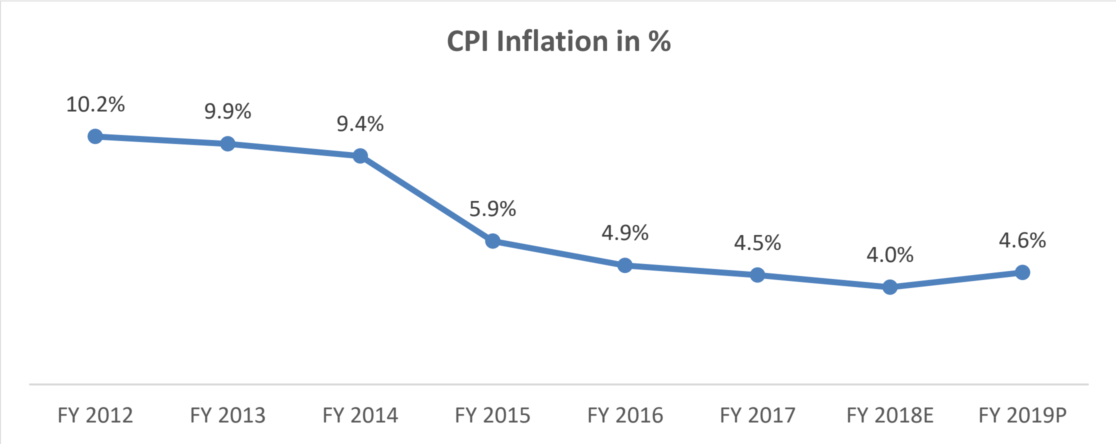
- Salary growth in the IT sector is expected to be around 8% in FY2018 and FY2019.
- Adoption of automation technologies, more onsite hiring, and movement towards hiring domain specialists rather than freshers are the major reasons for slow employee growth in the IT industry.
- Therefore, CRISIL Research expects services GVA in FY2018 to grow 8.0%.

Review and outlook on inflation

Consumer price index (CPI)-based inflation marginally slowed to 5.1% in January from 5.2% in December, mildly pulling back the northward trajectory seen since July 2017. A 30 basis points (bps) fall in food inflation on-month, aided by a 60 bps decline in fuel inflation, brought overall CPI inflation lower. Inflation, however, continued to firm up in large parts of the services sectors such as housing (driven by the revision in house rent allowance payments), education and in recreation, amusement and personal care and effects (reflective of both, return of pent-up demand in the economy and impact of higher taxes on services due to goods and service tax implementation). Yet, core inflation, stayed broadly unchanged from the previous month, at around 5.1% in January.

Despite the recent rise in core inflation, the Reserve Bank of India's (RBI) Monetary Policy Committee (MPC) refrained from raising the policy repo rate in its meeting on 7 February since it believes that the economy's recovery is nascent and requires nurturing. Also, several factors driving the uptick in inflation (return of pent up demand and impact of goods and services tax, or GST on services prices) are expected to smoothen off over time.

CPI Inflation trend



Source: CRISIL Research

For FY2018, while CRISIL Research expects CPI inflation to come below 4% average and rise to 4.6% in fiscal 2019. The pick-up will be due to rising consumption demand, impact of house rent allowance revisions on housing inflation, and higher global crude oil prices. The risk of fiscal slippage and higher MSP can also translate into upside risks to inflation. Food inflation is likely to stay benign given a normal monsoon. As per the MPC, inflation is expected to rise in the first half of fiscal 2019 but moderate significantly in the second half. In light of this, CRISIL expects the repo rate to remain unchanged over the next six months unless significant upside risks to the MPC's inflation forecast materialise

GLOBAL PASSENGER CAR AND LIGHT COMMERCIAL VEHICLE MARKET

Review and outlook on the global passenger car and light commercial vehicle market

In analyzing the global passenger vehicle and the automotive lighting market, Yole covers only exterior lighting, which includes headlamps, rear lamps and other small lamps and will be focused on passenger cars ("**PC**") and light commercial vehicles ("**LCV**"), and all market volumes refer to number of units produced.

Yole notes that such decrease in CAGR is mostly due to mature markets such as Europe, North America and Japan continuing to experience steady or even negative growth, and to the slowdown of the automotive market in China that is not yet compensated by corresponding growth in other emerging markets such as India. Yole expects South American and African markets to have a negative growth due to economic crisis and unstable political context.

Over the past ten years, Yole notes that the market breakdown has changed significantly. According to Yole, global PC and LCV sales reached 90 million units in 2016 (representing 95.5% of total vehicle sales (which also includes heavy trucks and buses)), compared to 64 million units in 2006. The global passenger vehicle market volume grew at a $CAGR_{2006-2016}$ of 3.4%. It grew at a $CAGR_{2011-2016}$ of 3.8%, and expects such volume to grow at a $CAGR_{2016-2021}$ of 2.0%. Yole notes that in 2006, Europe was the largest market for total vehicles sales with 33% of sales, North America the second largest market with 27% of sales, and China the third largest market with 11% of sales. However, Yole notes that in 2016, the more developed automotive markets such as Europe and North America are now reaching saturation, with lower growth rates year-on-year. In 2016, Europe and North America each represented a market share of 22% of the global PC and LCV sales, whereas China exhibited a $CAGR_{2006-2016}$ of 15% to become the largest automotive market representing 31% of global PC and LCV sales.

Other than China, Yole notes that other emerging markets (mainly situated in Asia) also have high growth potential. As an example, India is a market which grew at a $CAGR_{2006\text{-}2016}$ of 7.9%.

The table below gives more granularity on evolution of the automotive market volume in key regions/countries globally.

Countries	Volume in 2006	Volume in 2016	$CAGR_{2006\text{-}2016}$
North America	17,673,515	19,304,664	+0.9%
South America	3,308,509	3,898,029	+1.7%
Europe	21,196,400	19,651,517	-0.8%
Africa	1,232,940	1,257,811	+0.2%
India	1,658,593	3,549,828	+7.9%
China	6,787,570	27,407,459	+15%
Japan	5,502,808	4,830,214	-1.3%
Korea	1,125,623	1,773,872	+4.7%
Rest of Asia	5,583,814	8,036,361	+3.7%
Total	64,069,771	89,709,755	+3.4%

***Additional note**: Yole notes that mature markets, such as North America, Europe or Japan, have a stable or even a negative growth due to various social and economic factors, such as the concentration of people in very big cities and car sharing.*

The map below shows the 2016 automotive market size showing the countries included in each region.

2016 Automotive market volume (Source: Yole Développement / OICA (Organisation Internationale des Constructeurs Automobiles))

The table below presents 2017 automotive volumes and revenues for major OEM groups:

OEM - Ranking by revenue	2017 Volume (K units)	2017 Revenue ($B)
Volkswagen Group	10,200	$272
Toyota	9,100	$252
Renault-Nissan-Mitsubishi	10,600	$215
Daimler	5,700	$180
General Motors	6,900	$150
Ford	6,800	$142
FCA	4,800	$131
SAIC	6,400	$120
Honda	5,900	$110
BMW Group	2,400	$100
Hyundai	4,900	$89
PSA	3,200	$69
Tata	1,300	$51
Geely Volvo	1,300	$22

OEM - Ranking by revenue	2017 Volume (K units)	2017 Revenue ($B)
Dongfeng	1,300	$20
FAW	1,000	$15
Tesla	104	$10
OTHERS	14,454	$344
TOTAL	96,358	$2,292

Additional note: Data are given here for all type of vehicles (i.e.: Passenger + All commercial vehicles).

Outlook

During the 2016-2021 period, Yole expects mature markets such as North America and Europe to grow steadily at a CAGR of 1.6% to 2.0%. According to Yole, the Japanese market will continue to decrease with the development of megacities and the reduced need to have a personal car. South American and African markets will keep decreasing until 2021-2022 where Yole expects a new growth cycle to occur. The growth in China will slow down with a CAGR of 3.4%, while Yole expects India, Korea and the rest of Asia to continue growing at a CAGR of 5.3%, 2.4% and 2.5% respectively.

Regarding future trends, Yole expects global PC and LCV sales to reach 99 million units in 2021 at a $CAGR_{2016-2021}$ of 2.0. Yole notes that growth will be driven by emerging markets where GDP growth per capita will enable more households to purchase their first car.

GLOBAL AUTOMOTIVE EXTERIOR LIGHTING MARKET AND INDUSTRY

Review and outlook on the global automotive exterior lighting market

The global automotive exterior lighting market generated USD 17.8 billion in terms of revenue in 2016. The estimated revenue is the result of a top-down analysis (i.e. of tier-1 annual revenue) and a bottom-up analysis (i.e. market models with ASP and penetration rate for each lighting technology). The revenue generated by the global automotive exterior lighting market grew at a $CAGR_{2011-2016}$ of 4.5% and Yole expects such revenue to grow at a $CAGR_{2016-2021}$ of 4.3%, which represents a higher CAGR than global passenger vehicle and light commercial vehicle sales, which grew at a $CAGR_{2011-2016}$ of 3.8% and is expected to grow at a $CAGR_{2016-2021}$ of 2.0%. According to Yole, such increase in growth is mostly related to the increased penetration rate of light-emitting diodes ("**LEDs**") that will increase the value of lighting systems (i.e. average selling price ("**ASP**")) compared to incumbent technologies and enable new applications and functions in exterior lighting applications. This further increases the lighting value and lighting content per car but also creates new business opportunities.

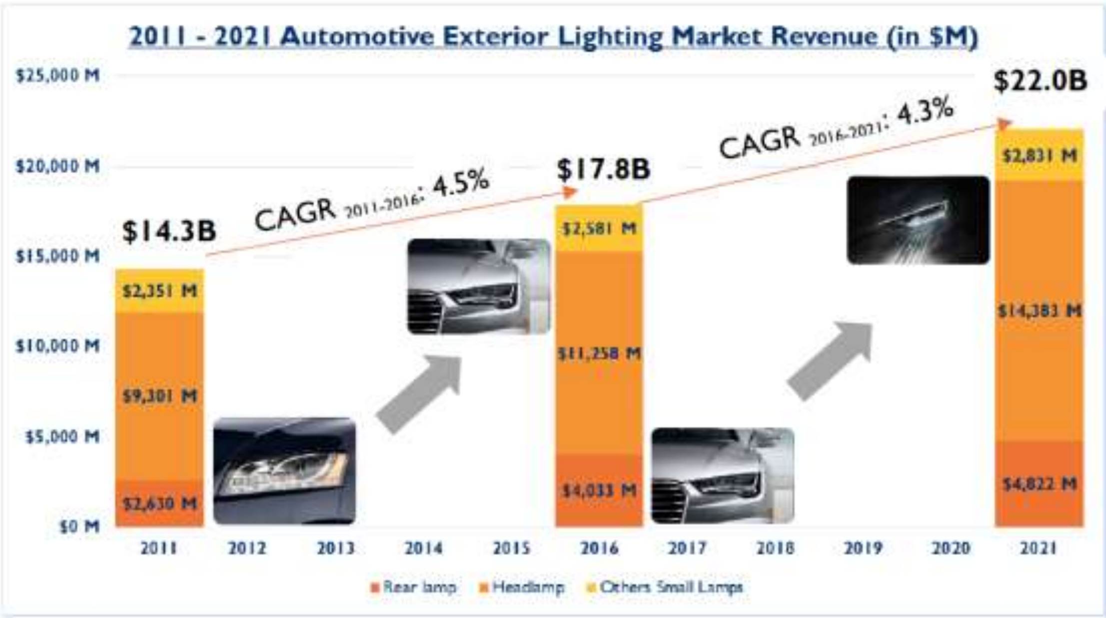
The table below gives more granularity on the exterior lighting market. According to Yole, China and India are the fastest growing markets, mostly due to the fast increase of the automotive market volume and to the increasing penetration rate of LED technology, generating higher revenues than halogen-based lighting systems.

Market regions	$CAGR_{2011-2016}$	$CAGR_{2016-2021}$
North America	6.8%	4.4%
Europe	1.8%	4.0%
China	8.8%	6.6%
South America	-7.7%	-1.5%
India	2.2%	8.1%
Japan	4.9%	-0.2%
Korea	2.7%	5.5%
Africa	-2.5%	-8.4%
Rest of Asia	1.3%	5.6%

Market size and historical development – by application and technology

Market split by application

In the overall market for automotive exterior lighting, Yole notes that headlamps are the main market segment driving automotive exterior lighting revenues and generated approximately $11.3 billion in revenue in 2016 (i.e. 63% of total revenue), compared to rear lamps, which generated approximately $4.0 billion in revenue (i.e. 23% of total revenue) and other small lamps, which generated approximately $2.6 billion (i.e. 14% of revenue). According to Yole, headlamps are the market segment where there is the most added-value, and higher technical requirements (i.e. compared to rear lamps or in other small lamps applications), therefore requiring more development time. As a result, the ASP for LED-based headlamps is globally higher than for other lighting technologies.



2011-2021 automotive exterior lighting market revenue split by application (Source: Yole)

According to Yole, the market segment for headlamps has had a higher growth rate than other market segments at a $CAGR_{2016\text{-}2021}$ of 5.0%, compared with the segments for rear lamps and other lamps, which have a $CAGR_{2016\text{-}2021}$ of 3.6% and 1.9% respectively. Yole notes that this higher growth rate is due, to a significant extent, to the trend towards Advanced Front Lighting Systems ("**AFLS**"), which include intelligent features. While the development of intelligent automotive lighting systems is not a new concept, the growing integration of LED technology into such systems allows for breakthrough features and functions to be included in such systems. According to Yole, this intelligent AFLS system can be controlled with high precision without the need for moving mechanical parts or actuators, and a large number of variations in light distribution can be achieved.

Yole notes that laser diode based systems might also play a role in the future of automotive exterior lighting but its impact may be more significant in the longer term (i.e. after 2021 or 2022). Such technology has been implemented since 2014 in a limited number of vehicles due to a very high cost of production. Such new technologies, which are based on laser light sources, would enable very high resolution headlamps for both low beam and high beam functions. Because the pixelated light can be combined to form images, it can even project turn-arrows and other helpful graphics onto the road.

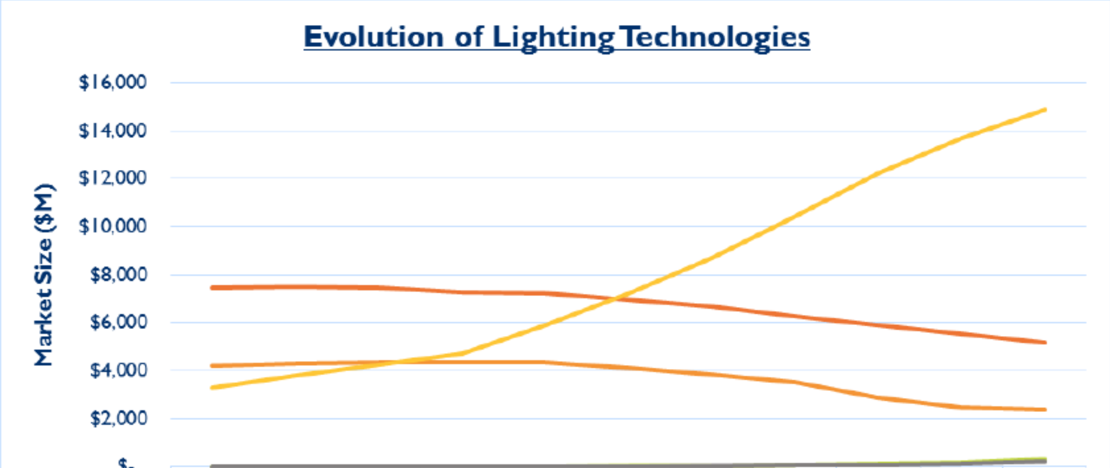
Market split by technology

Yole notes that lighting technologies are a factor in automotive exterior lighting revenue. According to Yole, halogen-based lighting systems, which are generally lower in cost, were the leading market segment with $7.3 billion generated in terms of revenue in 2016, followed by LED-based lighting systems which generated $5.9 billion in revenue, and xenon-based lighting systems which generated $4.3 billion in revenue.

*Additional note: organic light-emitting diodes ("**OLEDs**") are excluded from this analysis as there were few vehicles implementing such technology in 2016.*

In 2016, halogen was the leading light source for exterior lighting applications but it is expected that from 2017 onwards, the revenue generated by LED-based lighting systems will surpass revenue generated by halogen-based lighting systems, mainly due to more complex functions such as AFLS and the integration of sensors. With continued growth, revenue generated by LED-based lighting systems is expected to reach $13.7 billion by 2021, highlighting the fact that the market is moving to high-end lighting technologies. LED-based lighting systems have grown the fastest amongst lighting technologies (as compared to

Halogen, Xenon, LED, OLED, Laser) at $CAGR_{2011\text{-}2016}$ of 16.1% and expected to continue to grow the fastest at $CAGR_{2016\text{-}2021}$ of 20.4%.

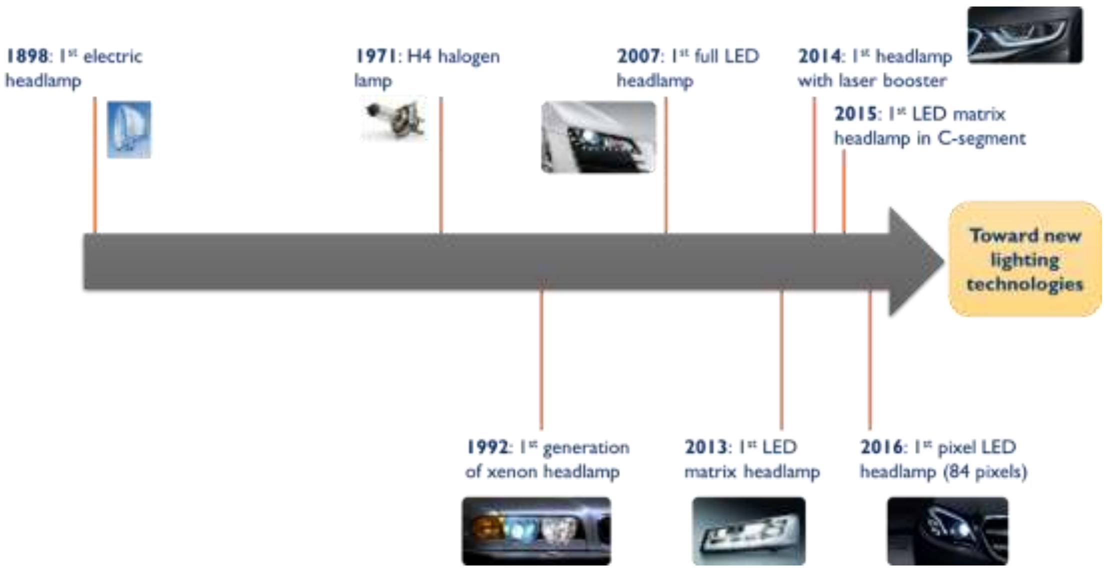


	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Halogen	$7,440	$7,482	$7,447	$7,298	$7,218	$6,975	$6,668	$6,273	$5,898	$5,538	$5,174
Xenon	$4,228	$4,302	$4,359	$4,344	$4,329	$4,094	$3,853	$3,497	$2,880	$2,481	$2,371
LED	$3,299	$3,783	$4,269	$4,718	$5,917	$7,236	$8,689	$10,421	$12,209	$13,687	$14,890
OLED	$-	$-	$-	$-	$10	$26	$35	$62	$130	$185	$320
Laser	$-	$-	$-	$-	$2	$10	$31	$64	$101	$145	$208

Evolution of automotive exterior lighting revenues by lighting technology (Source: Yole)

Key market drivers

The graph below shows the accelerated introduction of new and more sophisticated lighting technologies over a period of time. According to Yole it took 70 years from the first electric headlamp to the first halogen headlamp, 20 years from the first halogen to the first xenon headlamps, and then 15 years between the first xenon and the first LED headlamps. Yole notes that following the introduction of LED matrix lighting technology and laser lighting technology, the evolution of lighting technologies became much faster.



Evolution of lighting technologies in headlamps (Source: Yole/website from Hella, ZKW, Opel)

According to Yole, LEDs were introduced for rear lamps since 1999. The first full LED rear lamp was introduced in 2004, three years before the first full LED headlamp. LEDs were implemented into rear lamps mainly due to lower requirements in terms of illumination and LED output power, as compared to headlamps. For example, rear lamps use mostly mid-powered LEDs combined with light guides whereas headlamps use high powered LEDs combined with lenses or reflectors for low beam and high beam functions.

Yole notes that **Halogen** is still currently the most popular light source used in automotive front lighting, thanks to a favorable trade-off between low cost and acceptable performance. **Xenon** light sources allow for increased visibility and safety, but higher cost and potential glare effects have slowed adoption. **LED** technology has rapidly gained popularity as cost decreased and performance increased.

According to Yole, globally, the automotive lighting market has several growth drivers, each having a different impact:

- increased LED penetration rate;
- technology innovation;
- design differentiation; and
- increased lighting content per vehicle.

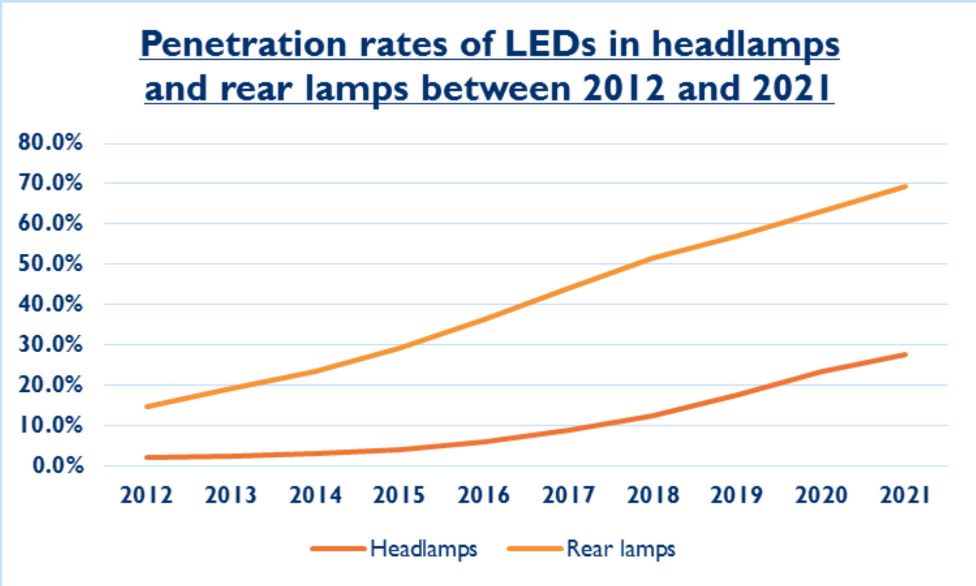
Increased LED penetration rate

According to Yole, LED light sources and modules are revolutionizing automotive lighting, offering more design flexibility and increased efficiency, and allowing for new functionalities. According to Yole, the penetration rate of LEDs in rear lamps and headlamps was 36.2% and 6.0% respectively in 2016 and Yole expects the penetration rate to reach 69.4% and 27.7% respectively by 2021.

Between 2006 and 2011, Yole notes that the high cost of LED technology and a relative lack of performance of LED technology compared to other forms of lighting technology resulted in a relatively low penetration rate of less than 1% for LED technology in head lamps and less than 10% for LED technology in rear lamps. Despite rapid propagation, the penetration rate of LEDs into headlamp systems and rear lamp systems was still rather low between 2012 and 2016, especially for headlamp systems where the use of LEDs was limited to high-end vehicles.

Penetration rate of LEDs	**2012**	**2013**	**2014**	**2015**	**2016**
Headlamps..	2.0%	2.4%	2.9%	3.9%	6.0%
Rear lamps	14.7%	19.0%	23.3%	29.3%	36.2%
Total headlamps + rear lamps................	**8.4%**	**10.7%**	**11.0%**	**16.6%**	**21.1%**

Since 2012, the penetration rate of LED has increased from 2.0% for headlamps and 14.7% for rear lamps in 2012 to 6.0% for headlamps and 36.2% for rear lamps in 2016. Yole notes that the increased penetration rate is due mainly to relatively higher performance and a lower cost compared to other forms of lighting technology, as well as greater scale of adoption with the LED lighting technology being adopted not just for high-end vehicles but also for mid-level and low-end vehicles. The increased scale of adoption is due to the standardization of various components and modules and optimization of the LED-based system that has translated into lower cost of adoption for mid-level and low-end vehicles.



Penetration rates of LEDs in headlamps and rear lamps between 2012 and 2021 (Source: Yole)

In the next five-year period, Yole expects the penetration rate of LEDs to become much more significant. This is especially the case for rear lamp systems where it is easier to implement LEDs due to a lower cost of LEDs used for such application. Such a growth for headlamp systems is also expected due to a standardization of components used in LED headlamps and a better knowledge of LED technology leading to a significant cost decrease.

Penetration rate of LEDs	**2017**	**2018**	**2019**	**2020**	**2021**
Headlamps..	8.8%	12.5%	17.7%	23.3%	27.7%
Rear lamps	44.2%	51.4%	57.0%	63.1%	69.4%
Total	**26.5%**	**32.0%**	**37.4%**	**43.2%**	**48.6%**

Yole notes that, given that the cost of LED technology is higher than halogen, the ASP of the associated lighting systems is increasing. Therefore, Yole notes that this driver has (and will continue to have) a strong impact on the automotive lighting market growth.

Technology innovation

The development of new lighting technologies has been constantly evolving and Yole notes that this trend is likely to continue in the future. According to Yole, technology innovation is a driver for the global automotive exterior lighting market, especially where (1) new technology translates into the development of new light sources, such as OLEDs and laser light technology, or (2) the development of new lighting functions and applications, such as AFLS that provide better visibility for the driver.

Yole notes that some of the most recently introduced lamps also make use of further technological developments, thereby offering potential added value but also requiring some key challenges still to be solved:

- **OLED** can provide strong added value in terms of design. Contrary to light guides, widely used with LEDs, OLEDs provide surface lighting enabling a better light homogeneity and a real differentiation factor but still suffers from its very high price. Questions still remain about the technology's potential added value, and potential associated risks, including safety risks where usage of certain types of lasers may impact the safety of a driver's eyes. This requires a multi-level safety concept which has an impact on the package and the efficiency of the lighting system.

- **Laser** technology is being implemented by just a few original equipment manufacturer ("**OEMs**") such as BMW or Audi (i.e. laser booster). However, Yole notes that several questions remain about the technology's added value, and potential associated risks.

According to Yole, the development of AFLS started in 2013 with the launch of the Audi A8, including the first matrix LED headlamp, and Yole notes that the trend is to increase the matrix resolution in order to create a more granular controllable light distribution pattern adapted to a variety of situations such as bad weather conditions, highway mode, or pedestrian detection. According to Yole, the development of HD lighting systems aims to provide better visibility for the driver. Nevertheless in the future, the focus could shift to communication with the environment: pedestrians, cyclists and non-automated driving cars.

Design differentiation

Yole notes that design is a key factor in the development of a new vehicle and lighting is one way of creating product differentiation. According to Yole, this can generally be achieved by customizing the lighting signatures for daytime running lamps ("**DRL**") for headlamps, as well as rear lamps, allowing for easier brand recognition.

Currently, LED technology is the only technology allowing such possibilities of differentiation, since LED components are very small and can be used with different type of optics to create various rendering effects, which has a strong impact on the growth of the automotive lighting market. Design differentiation can also be seen in rear lamp systems, where OEMs can have their own style and be recognized at first sight.

Increased lighting content per vehicle

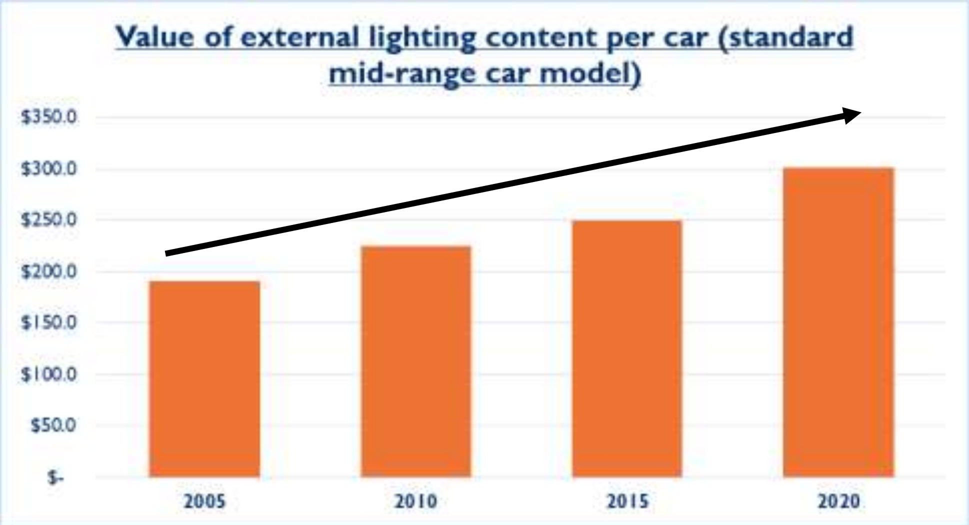
According to Yole, lighting content is the addition of all lighting elements in a vehicle. In the Yole Report, Yole notes that this refers to exterior lighting such as headlamps, rear lamps and other small lamps. The value is measured by totaling the ASP of the different exterior lighting elements.

	2005	**2010**	**2015**	**2020**
Lighting content	$191.3	$224.5	$250.1	$301.1

According to Yole, due to new styling efforts and the implementation of new functions, the lighting content of vehicles has strongly increased since 2005 and is likely to follow the same trend until 2020. Yole notes that the lighting content of vehicles was lower in 2005 due to the low penetration rate of LED in the different applications given that at the time, most of the applications were using halogen light sources. Following the reduced cost of LED devices, Yole notes that the penetration rate of LED technology has increased, and accordingly the value of lighting content per vehicle has also increased.

Yole notes that since then, the use of halogen light sources has decreased rapidly. According to Yole, LEDs can bring strong added value for styling and allow for implementation of new functionalities (e.g. adaptive driving beam, communication, safety). Also, the integration of AFLS, with higher value, will strongly increase the lighting content per vehicle in the future.

The evolution of lighting content per vehicle can be seen in the following chart:



Evolution of external lighting content per car (Source: Yole)

In general, Yole notes that new lighting technologies are first implemented in large, luxury or high-end vehicles, due to their higher cost and limited market volume (typically limited to several hundred or a few thousand). Yole notes that the limited market volume represents a good opportunity for OEMs and Tier-1s (who directly supply parts to OEMs) to develop their knowledge before pushing the technology onto mass segments.

Yole notes that once new technologies have been adopted in large, luxury and/or high-end vehicles, OEMs and Tier-1s will then have to decrease the cost of this technology to implement it also in mid-level or compact vehicles and develop economies of scale. Yole notes that while the market volume of vehicles targeted is one way to reduce cost of automotive components, OEMs and Tier-1s still need to find a good performance/cost ratio in order to further reduce development cost. Yole notes that as an example, the first matrix LED headlamps had 25 vertical segments and the first matrix LED headlamps developed for mid-level vehicles had only 8 vertical segments.

Finally, with standardization of components and modules, new lighting technologies can be implemented into low-end vehicles (such as city cars and sub-compact vehicles).

Key industry players

Yole notes that the global automotive exterior lighting industry is comprises more than 20 players around the world. According to Yole, this industry is in the hands of eight main players (namely Koito Manufacturing Co., LTD, Magneti Marelli, Valeo, Stanley Electric Co., LTD, Hella KGAA Hueck&Co, Varroc Lighting Systems, SL Corporation and ZKW) which generated US$16.3 billion in revenue, representing 91% of the total global automotive exterior *lighting revenue (estimated at US$17.8 billion in 2016). In the future, Yole notes that the increased penetration rate of LED technology and the trend towards intelligent lighting might create opportunities for existing players to increase their market share, but it will be important for such players to develop strategies in agreement with automotive lighting development.*

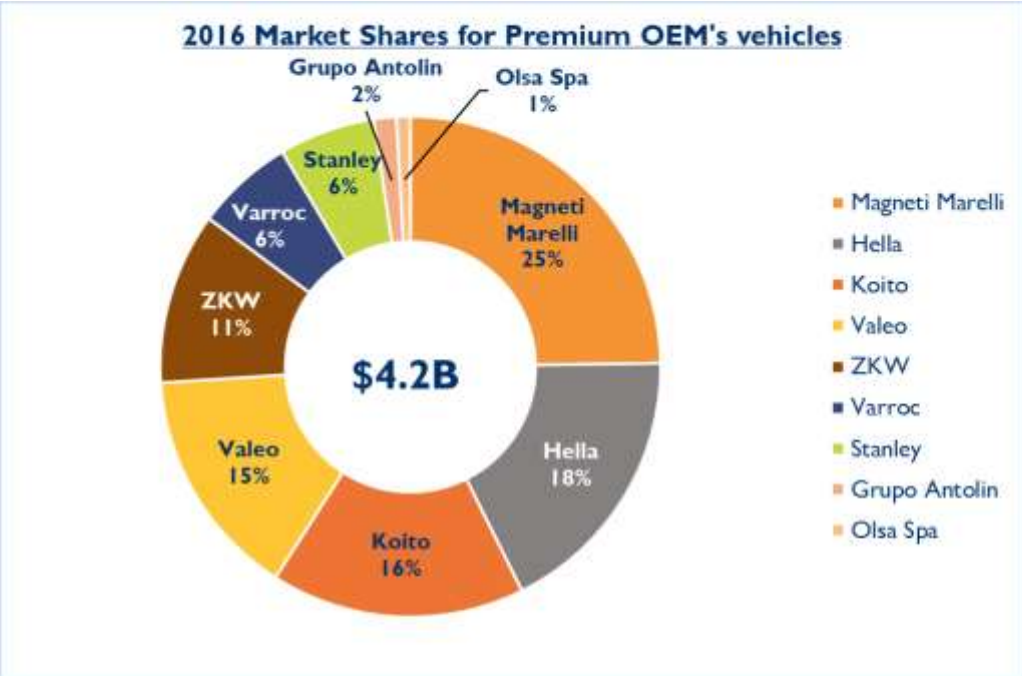
Yole notes that the top 8 market players generated a revenue of US$16.3 billion in 2016, representing 91% of the total automotive exterior lighting revenue (estimated at US$17.8 billion in 2016). According to Yole, such market players are considered "Tier 1" players. According to Yole, Varroc Lighting Systems is positioned as the 6th largest market player, generating $762 million in revenue in 2016. Yole also notes that Varroc Lighting Systems is one of the top 3 independent exterior lighting players (in addition to Valeo and Hella). According to Yole, the benefits of being an independent player are to be able to target any market, and have their own technological roadmap without being limited by a shareholder (i.e. an OEM). This is shown in the chart below.

2016 automotive exterior lighting tier-1market revenues (Source: Yole)

To compare the different players in the industry, Yole analyzed the revenue growth rates during the 2014-2016 period and the table below sets out the CAGR during such period. Yole notes that Varroc has achieved the highest CAGR in its peer set during this period, with Varroc's CAGR being higher by 10.5% compared to the second fastest growing company in the same period.

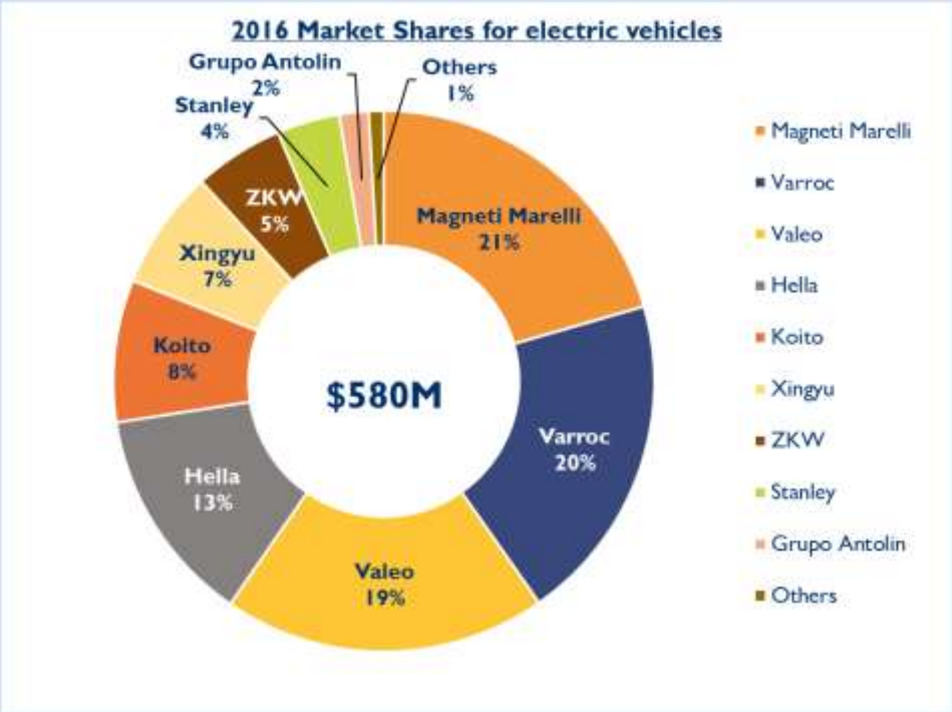
Tier-1	$CAGR_{2014\text{-}2016}$
Varroc Lighting Systems	27.5%
ZKW	17.0%
Valeo	10.2%
SL Corporation	9.2%
Stanley Electric	7.6%
Koito	6.6%
Magneti Marelli	5.2%
Hella	4.5%

In the **premium vehicle market**, Yole notes that Hella and Magneti Marelli are leading the market, generating 42% of the total revenue generated in 2016, which is in part due to proximity in their locations to car manufacturers such as Mercedes, BMW and Audi. Other key players are Koito, Valeo, ZKW, Varroc Lighting Systems and Stanley Electric. This can be seen in the chart below.



2016 automotive exterior lighting market shares for premium OEM's vehicles (Source: Yole)

In the **electric vehicle market** (which includes battery electric vehicles ("**BEV**") and plug-in hybrid electric vehicles ("**PHEV**")), Yole notes that Magneti Marelli and Varroc Lighting Systems with 21% and 20% market share respectively. The chart below shows the market shares of tier-1s for electric vehicles, determined by revenue generated in 2016, based on Yole's market model.



2016 automotive exterior lighting market shares for electric vehicles (Source: Yole)

Yole notes that other Tier-1 market players, including Varroc Lighting Systems, are similarly well-positioned to take advantage of existing footprints in different geographic areas, existing relationships or proximity in location to car manufacturers, as well as by focusing on lighting technology research and development.

Yole notes that Varroc Lighting Systems has benefited from the LED opportunity. The company has a full in-house development capability to design complete systems from simulation to electronic design, prototyping and software development. As the electronics in lighting systems is becoming increasingly complex, Yole notes that it is an advantage to have a dedicated lighting electronics department to work on hardware and software, which lowers the development cost compared to sub-contracting such electronic development to a third party. Yole notes that Varroc Lighting Systems is also involved in every lighting technology: halogen, xenon, LED and laser. According to Yole, this means Varroc Lighting Systems is in a position to target any market and any OEM from low-cost products based on halogen light sources to high-end products based on LED and/or laser light sources. According to Yole, Varroc Lighting Systems has demonstrated the ability to develop advanced front lighting systems with LED matrix technology, and such internal knowledge represents an advantage for VLS given that this technology is growing and being implemented in more and more vehicles .

Like the other main players, Yole notes that VLS has footprints in different geographic areas and associated markets, but particularly in countries with a low labor cost like Mexico, India, China, or the Czech Republic. Yole notes that the average hourly labor cost in the Czech Republic in 2016 was $12.07, which is relatively lower than the average cost of labor in the European Union of $29.97. According to Yole, existing players would have a high pricing power given the following factors: a concentrated market with few number of players, low lighting cost (as a percentage of car cost) and the importance of technology and design which prevents entry of new players.

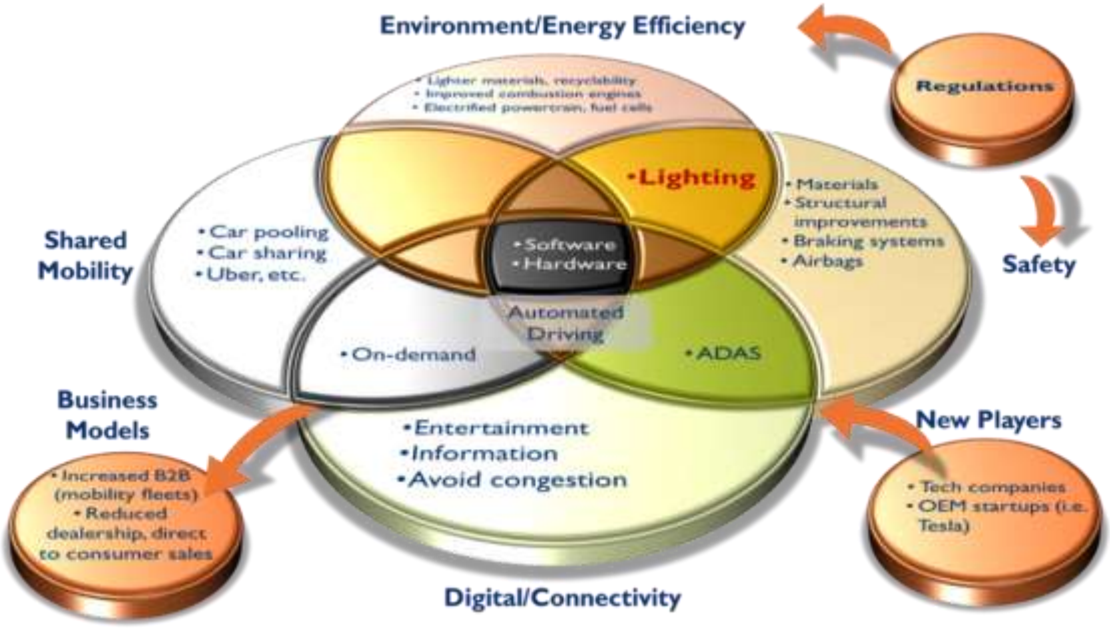
Average hourly wages in 2016 (Source: Yole)

Key industry trends

According to Yole, the following key trends in the industry will have an impact on automotive exterior lighting:

- advanced driver assistance system ("**ADAS**") (and autonomous vehicles);
- increased connectivity;
- CO2 emission reduction;
- vehicle electrification; and
- shared mobility.

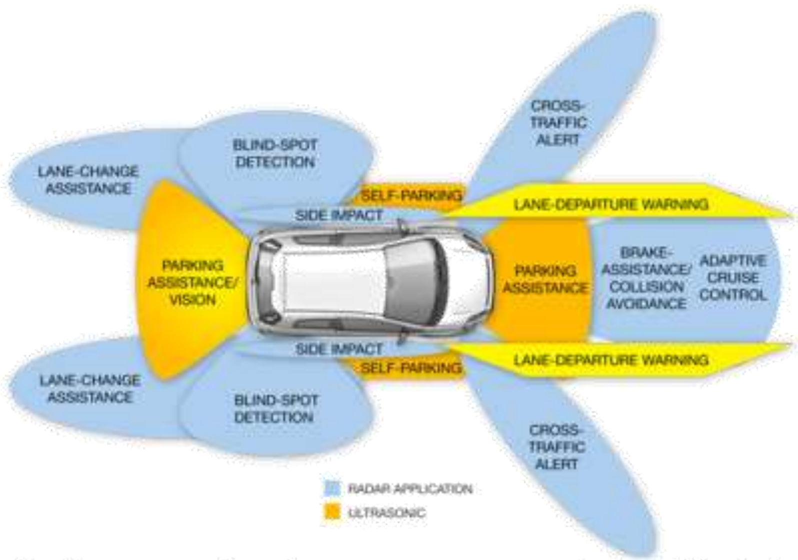
According to Yole, the key priorities for vehicle manufacturers is the consumer-driven demand for style, safety, reliability, and energy efficiency, as well as increasingly demanding regulatory standards. Yole notes that this translates into a constant focus on core competencies, such as powertrain (i.e. main components that generate power and deliver it to the road surface) and structure of the vehicle. According to Yole, OEMs will now have to develop and implement increasingly complex electronic, optoelectronic, software, and communication systems, and will need to collaborate with new suppliers and industries in order to do so. Upcoming technologies such as LED, 3D Lighting, AFS, Matrix and Laser will also lead to high-growth, high-margin products that further bolster the growth of the industry.



Major trends in the automotive industry (Source: Yole)

ADAS and Autonomous Driving

According to Yole, a majority of players in the automotive exterior lighting industry are currently developing sensor-based solutions for increased vehicle safety, particularly in spots where driver error is most common. Yole notes that these systems (which are collectively known as ADAS) use a combination of advanced sensors (such as stereo cameras and radar, combined with integrating software) to enable cars to monitor and respond to their surroundings. According to Yole, some ADAS solutions are already currently available, such as lane-keeping and lane-departure warning systems, adaptive cruise control, back-up alerts, and parking assistance, with many other advanced autonomous driving capabilities being developed.



Overview of ADAS available in a vehicle (Source: public document from Analog Devices)

However, Yole notes that there are still various challenges that need to be overcome at different levels. These include the ability to sync or connect vehicles to each other, to the necessary laws and insurance responsibilities being updated to reflect the latest ADAS technology.

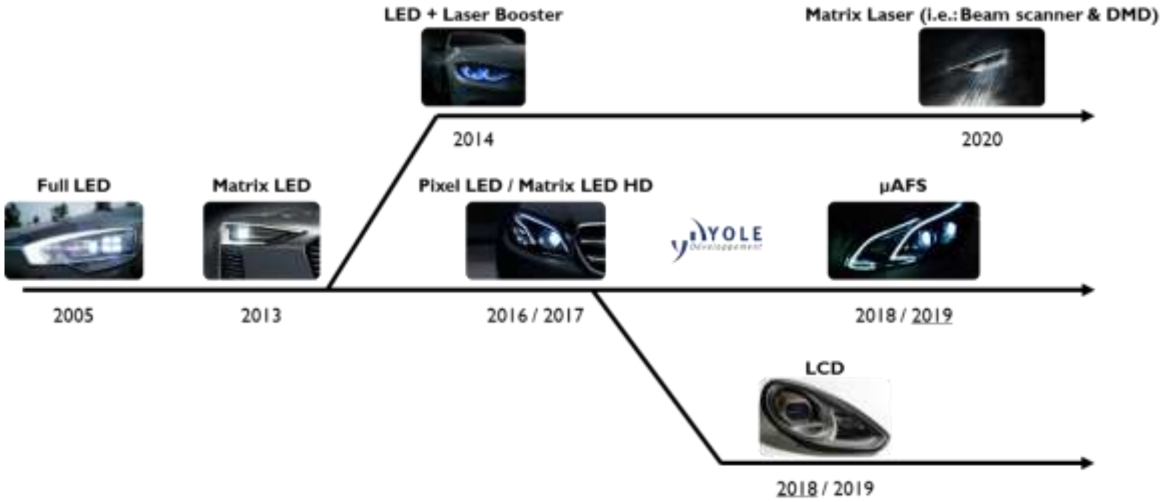
Yole notes that five levels of automation have been defined by the SAE International, a professional association and standards developing organization for engineering professionals in various industries (such as automotive, aerospace and commercial vehicles) in 2014 to track the development of autonomous vehicles:

- *Level 0*: No automation.
- *Level 1*: Driver assistance.
- *Level 2*: Partial automation.
- *Level 3*: Conditional automation.
- *Level 4*: High automation.
- *Level 5*: Full automation.

According to Yole, currently only high-end OEMs have reached Level 2 (i.e. partial automation). In the short term, Yole expects that only a few other major OEMs to reach Level 3.

According to Yole, the development of ADAS and autonomous driving will have a positive impact given that automotive lighting functions will have to evolve to provide advanced functionalities (through AFLS and new lighting technologies). For example, Yole notes that in order to develop an autonomous vehicle, an increased number of sensors will need to be integrated into the existing vehicle framework, and their output data will need to be processed accordingly to create new functionalities.

According to Yole, the relationship between ADAS and the increased need for more advanced lighting systems has resulted in Tier-1 market players moving to increase the value of their headlamp or rear lamp systems by integrating more sensors and light detection and ranging ("**LIDAR**") technology into their systems, and developing partnerships with such manufacturers in order to provide this functionality. Yole notes that industry players such as Koito and Magneti Marelli have already developed partnerships with LIDAR manufacturers like LeddarTech and Quanergy. Yole notes that another trend is for OEMs to focus on the development of a particular new lighting technology, and then developing associated functionalities in order to increase communication with the driver by projections on the road. For example, according to Yole, Audi has focused on laser-based system (i.e. laser scanning and DMD technologies), Mercedes is focused on µAFS technology and Porsche on LCD technology. However, Yole notes that investment in a particular technology is relatively high, and OEMs will need to carefully select their technology to bet on the right one.



Lighting technologies roadmap (Source: Yole)

Connectivity

Yole notes that connectivity presents one of the more critical challenges to the development of autonomous vehicles in the near future. According to Yole, in the short term, both autonomous and non-autonomous vehicles will need to interact with each other, resulting in various situations where Car2X communication (e.g. car to pedestrian, car to driver, car to car) will be required given that the traditional methods of car-to-car communication between drivers and road users (such as making eye contact or giving hand signs, or signaling) may no longer be possible.

Yole notes that ADAS development can contribute to several new features being developed through use of automotive lighting (such as lighting projections on the road or on the windshield, LED light displays on the roof of vehicles, etc) in order to improve car to driver communication.

The figure below present some of these new applications / functions:

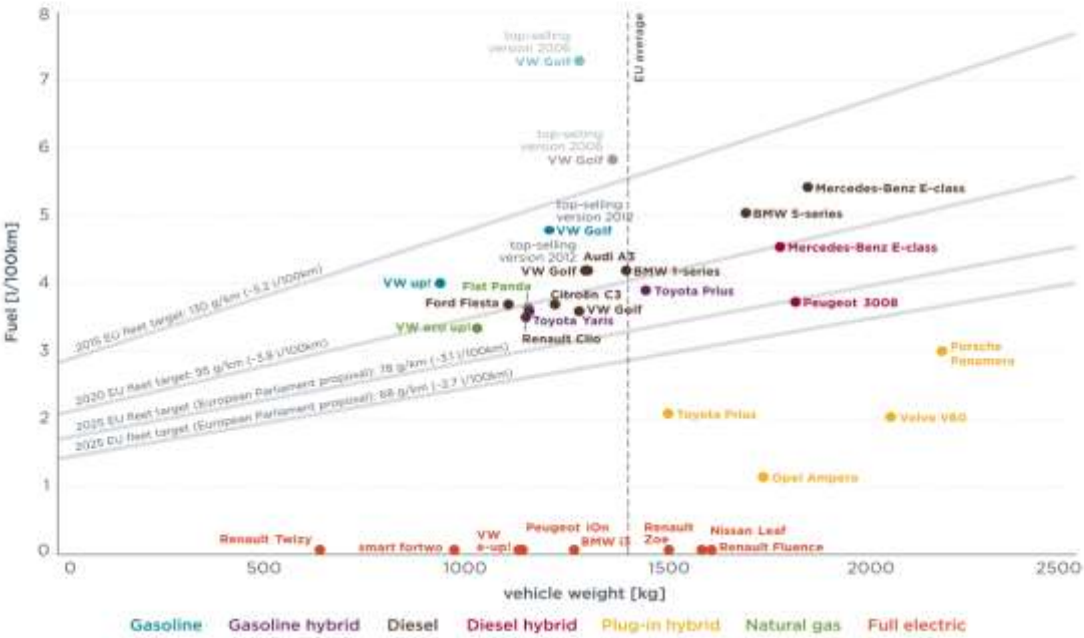
Example of Car To Driver communication (Source: Yole)

Yole notes that this trend toward increased connectivity will also require automotive lighting systems to be further connected to other sensors (such as the camera) in vehicles. The relevant input data will allow manufacturers to create new lighting features and functions, mostly related to Car2X communications.

Emission Reduction

The EU has enacted mandatory emission reduction targets for new cars until 2021. The target for the EU is that new cars registered in the region should not emit more than an average of 130 grams of CO_2 per kilometer by the end of 2015, and not more than an average of 95 grams of CO_2 per kilometer by the end of 2020.

The figure below shows how each OEM is situated on CO_2 emissions in 2015 compared to the European Union targets for 2020.



Average CO_2 emission and emission targets (Source: International Council on Clean Transportation)

According to Yole, this move has forced automakers to find solutions directed towards enhancing fuel economy and reducing vehicle emissions. The electrification of vehicles is one such solution, but Yole notes that the process of development and market acceptance will take time.

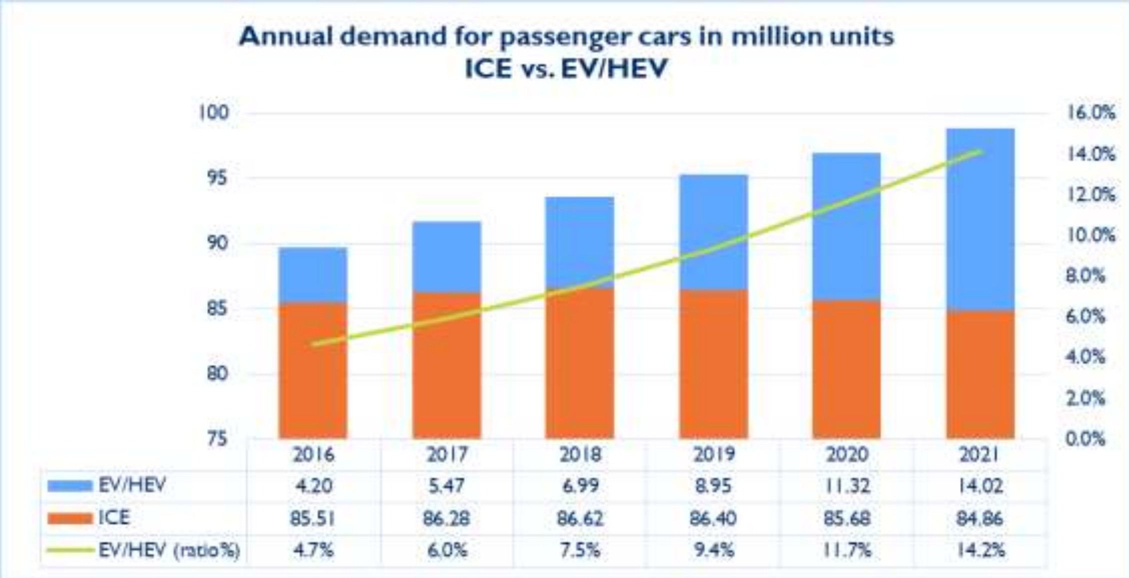
Another solution to reducing carbon emissions is the integration of new and more advanced lighting technology into the existing vehicle framework (e.g. by switching from halogen to LED lighting systems), which will allow OEMs to start reducing electric consumption of lighting systems.

Yole notes that the improvement in terms of CO_2 emission is also related to a reduction in weight of newer and more advanced lighting systems, which further reduces fuel consumption of the vehicle. Other steps toward CO_2 emission reduction will include the optimization of LED-based functions to improve efficiency.

Vehicle Electrification

According to Yole, one of the principal drivers for government action to accelerate the development and commercialization of electric vehicles is the concern on reduction of CO_2 emissions.

In 2016, the share of EV/HEV vehicles represented almost 5% of the PC and LCV sales and will increase to more than 14% by 2021. During this period, Yole expects market share for EV/HEV vehicles to grow at a $CAGR_{2016\text{-}2021}$ of 27.2%, which is relatively higher than the average growth of PC and PCV vehicles (with $CAGR_{2016\text{-}2021}$ of 2%). This can be seen in the chart below.



2016-2022 EV / HEV market demand evolution (Source: Yole)

Yole notes that with such a perspective, car manufacturers are expanding their offerings to include EV/HEV by introducing new models and in some cases electrifying their entire vehicle fleet.

Yole expects that the electrification of vehicles represents a middle-term trend, and OEMs will need to be in a position to take advantage of the business opportunity that such "green business" represents.

In relation to automotive exterior lighting, Yole expects electric vehicles (and the associated OEMs) to lead mass adoption and integration of high-efficiency lighting technologies such as LED, OLED or laser diodes, which require less energy. Yole expects global penetration rates of LED technology to be higher in EV/HEV than in ICE vehicles due to the need to reduce power consumption.

Shared Mobility

Shared mobility is a term used to describe transportation services that are shared among users, including: public transit, taxis and limos, bike sharing, car sharing (round-trip, one-way and personal vehicle sharing).

Yole notes that such cars are likely to be driverless, electric and are likely not to have a steering wheel or pedals. Yole notes that currently, the per-mile operating cost of shared vehicles is much higher than privately owned vehicles, but is expected to reduce rapidly by 2030 (Source: Morgan Stanley Report on "Global Investment Implications of Auto 2.0", 2016).

Nevertheless, Yole notes that the actual development of those cars will be complex and challenging. Beyond the production of the cars themselves, several other factors will affect their uptake, including cultural views surrounding private car ownership, the legal implications of driverless cars and the level, if any, of government support. To what degree these factors will impede or accelerate market change varies by country and region.

Yole notes that it is currently still unclear how shared mobility trends will have a direct impact on the automotive exterior lighting industry. On one hand, it may have a negative impact on vehicle sales, given that shared mobility is likely to decrease overall automotive market volumes, which will consequently decrease market volume for automotive exterior lighting systems.

On the other hand, it could create new markets and opportunities for automotive makers. Yole notes that some vehicle manufacturers (e.g. Ford and Volkswagen) have announced intentions to become mobility companies offering new services alongside their established core business of vehicle manufacturing. Shared mobility will also need to rely on development of specific ADAS systems, which creates opportunities related to lighting for car to pedestrian communication (e.g. image projection), for comfort aspects (e.g. ambient lighting). However, Yole does not expect this trend to be compensated by higher average selling prices given that shared mobility does not specifically drive any increase in value for automotive exterior lighting systems.

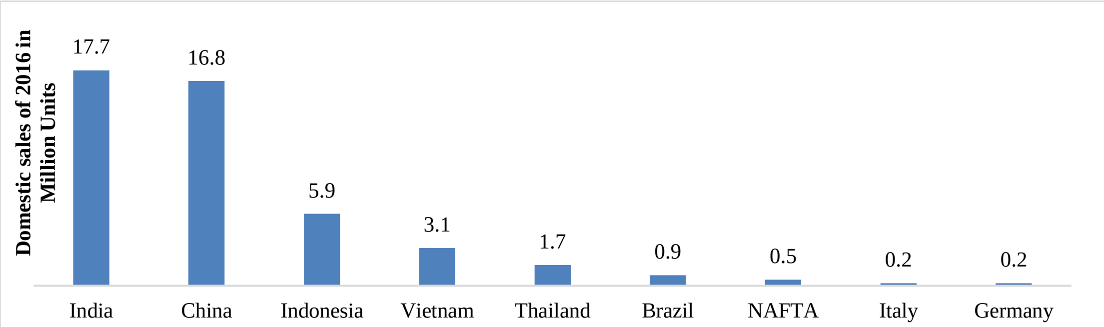
THE INDIAN TWO-WHEELER INDUSTRY

Review and Outlook on the Indian two-wheeler industry – in a global context/historic development

Global context

According to CRISIL Research, the global two-wheeler motorized industry is primarily concentrated in Asia, with India and China being the two biggest manufacturers. According to CRISIL Research, India is also one of the largest market in terms of domestic sales.

Domestic sales, 2016



Source: SIAM, Automobile Associations of respective countries, CRISIL Research

China

Demand from India grew at a compound annual rate (CAGR) of 7% during calendar years 2013 to 2016. On the other hand, China's sales fell at a 10% CAGR during the same period. Even in 2016, China's sales (including exports) fell for the fifth consecutive year, with domestic sales dropping 11% and exports contracting 9%.

Indonesia

Indonesia continued to be the largest two-wheeler market among South-east Asian nations in 2016. During the year, two-wheeler sales in Indonesia accounted for 65% of the total sales in the ASEAN (Association of South East Asian Nations) region. However, during 2016, the domestic market continued its decline due to a continued sluggish economy and an increase in both fuel prices (petrol and diesel) and production costs. The domestic market's sales dropped 8.5%, while overall sales, including exports, fell 7.2% during the year.

Vietnam

The motorcycle industry in Vietnam is mainly dominated by foreign players, as local players have been unable to innovate and keep pace with the growing technological changes. Motorcycles account for about 90% of transportation demand in Vietnam, and are the country's most common means of transport due to their affordability. After a recovery in 2015, following three consecutive years of negative sales growth, sales grew 9.5% in 2016, mainly on the back of a gradual economic recovery, with GDP increasing 6.68% for the year. Further, much of the public transportation infrastructure was under construction, thereby fueling demand for motorcycles for personal transportation.

Thailand

In 2016, domestic sales of Thailand increased by 6% after three consecutive years of negative growth, as consumer sentiment improved in a developed two-wheeler market. The economy is slowly recovering, compared with its peers, which are growing at a much higher rate. The situation is improving due to robust revenue from tourism, coupled with soft loans and tax breaks for agriculture. Private consumption improved, due to higher spending on durable goods, supported by rising farmer income and greater overall consumer confidence.

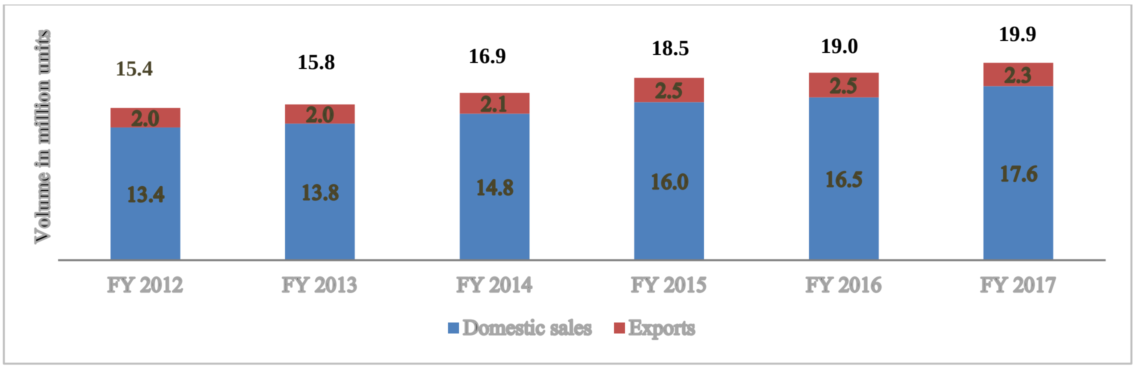
Historic Development

CRISIL Research notes that the production of two-wheelers in India grew at a 5% CAGR between FY2012 and FY2017. While domestic sales grew at a faster 6% CAGR, the drop in oil prices kept export demand subdued at a 4% CAGR.

With a sharp 9% growth in FY2015, production registered a faster pace of growth of 6.2% CAGR between FY2012 and FY2015, but a subdued growth in domestic demand occurred in FY2016, with near-stagnant export demand impacting production growth in FY2016.

According to CRISIL Research, India is the second largest two-wheeler manufacturer in the world. As at FY2017, India has produced 13.1 million motorcycles, 5.9 million scooters and 0.91 million mopeds. The renewed growth pace in FY2017 boosted production during the year. However, a decline in export demand limited production growth.

Production volume trends over the past five years



Source: SIAM, CRISIL Research

The domestic market grew at a 6% CAGR between FY2012 and FY2017, with growth accelerating to 7% in FY2017 from a subdued pace of 3% in FY2016. Despite a good monsoon and favorable economic factors, demand growth in FY2017 was limited, due to the impact of demonetization. Demonetization affected wholesale and retail demand for vehicles, impacting the industry. The lingering impact of demonetization continued to put pressure on sales and, as a result, industry growth was restricted to 7% during FY2017.

According to CRISIL Research, the ban on BS-III vehicle sales, implemented by the Supreme Court in March 2017, saw dealers across the country offering heavy discounts and schemes (between 10-30% off the vehicle price) to liquidate the old BS III stock. This led to a spike in retail numbers, but did not have a notable impact on wholesale demand. However, it helped dealers in correcting their inventory.

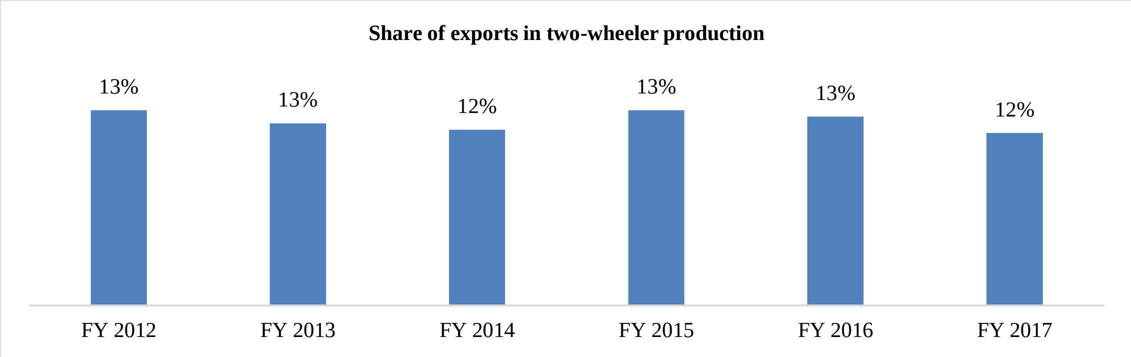
CRISIL Research notes that exports, on the other hand, dropped 6% during FY2017, due to continued pressure on oil prices, as a major portion of the export geographies have been economies driven by crude oil. In FY2017, rising competition from cheaper Chinese and better quality Japanese vehicles exerted added pressure on exports from India. In the first quarter of FY2017, industrial and commercial banks in China signed a pact with the Central Bank of Nigeria on yuan transactions between the two countries, which CRISIL Research notes gave Chinese players in the Nigerian market an edge over their Indian counterparts.

Review and outlook on the Indian two-wheeler industry – domestic sub-segments

Split by domestic sales and exports

According to CRISIL Research, the Indian two-wheeler market is primarily focused on the domestic market, with the domestic market making up more than 85% of total demand. However, over the years, players have been expanding their geographical presence, boosting exports. Additionally, the joint ventures of global brands such as KTM, BMW and Husqvarna, and catering to the global demand for those brands from India, have given an additional boost to two-wheeler exports.

Share of exports in the Indian two-wheeler production basket

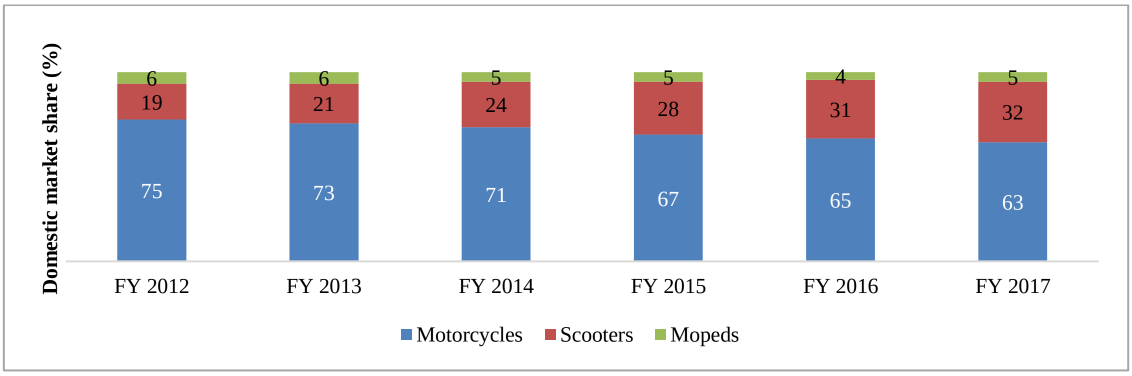


Source: SIAM, CRISIL Research

Domestic market

Domestic two-wheeler sales recorded a 5% CAGR between FY2012 and FY2017, reaching 17.6 million units. According to CRISIL Research, as of FY2017, motorcycles continued to dominate the two-wheeler industry by capturing about 63% of market share. Although the motorcycle segment still dominates the market, its share has consistently fallen, from 75.1% in FY2012 to 63% in FY2017. At the same time, the share of the scooter segment increased from 19.1% to 31.65% during the same period. The market share of the scooter segment have risen on strong demand, following new model launches, aggressive marketing strategies – such as gender-based positioning (male-female oriented) - increasing usage of scooters by working women in urban areas (due to high convenience), and a growing preference for scooters as a second vehicle in a household.

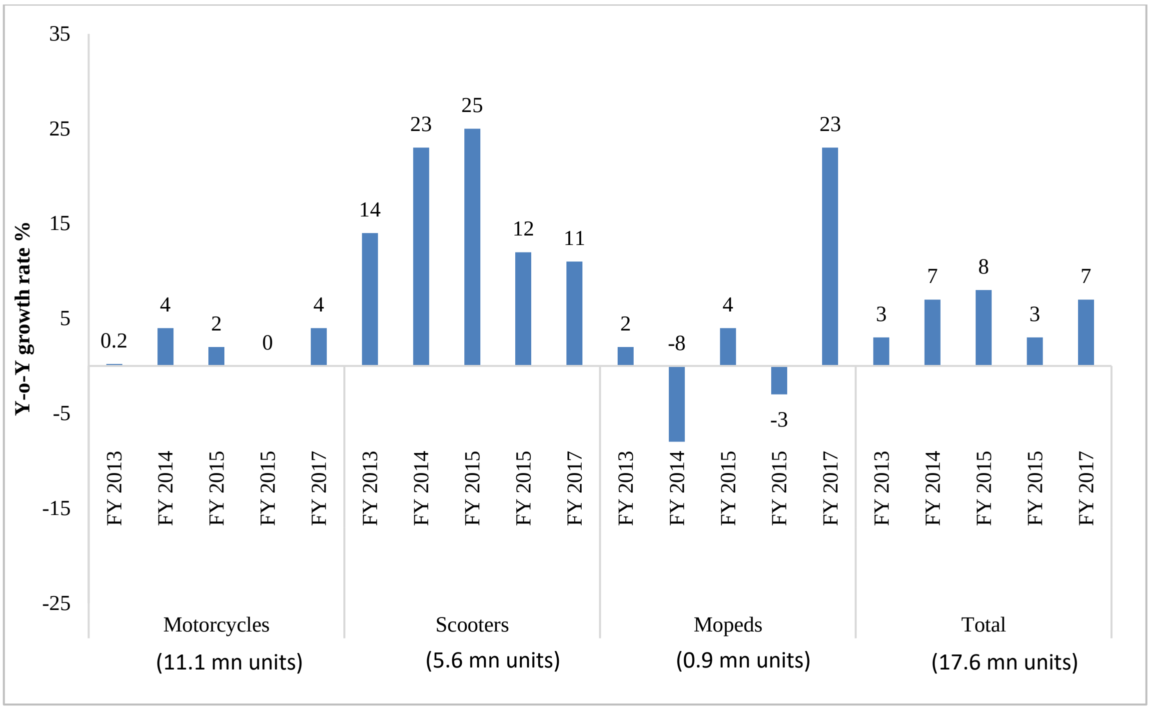
Segment-wise change in domestic market share



Source: SIAM, CRISIL Research

According to CRISIL Research, a sharp growth in scooters over a low base aided overall growth. The share of mopeds increased from 4.4% in FY2016 to 5% in FY2017, as demand improved due to the launch of a new four-stroke model that was well received not only in Tamil Nadu and Andhra Pradesh (two states accounting for the lion's share of the overall moped market in India), but also in the northern states. Subdued industrial activity in Tamil Nadu and political turmoil in Andhra Pradesh over Telangana's statehood led to a drop in demand for mopeds over the years, but there is some revival now.

Motorcycle sales recorded a revival whereas scooters continued to outpace the market in FY2017 (y-o-y growth rate %)



Note: Numbers in brackets represent FY2017 domestic sales
Source: SIAM, CRISIL Research

Motorcycle sub-segments

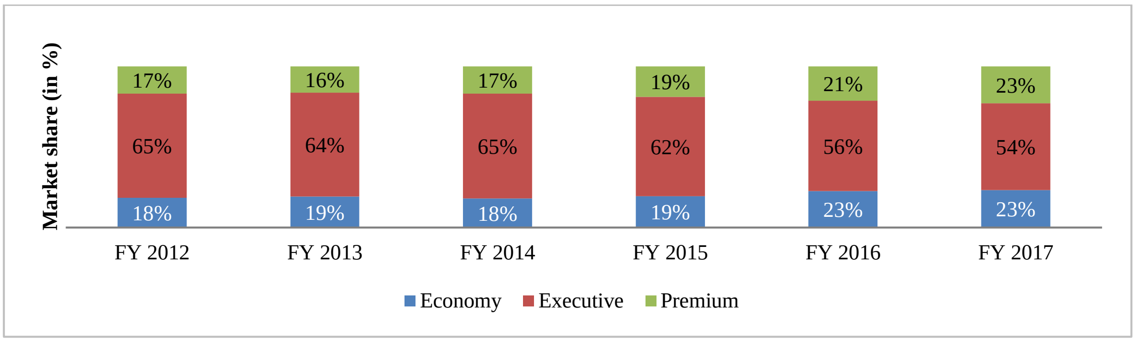
Motorcycles are further classified as economy, executive and premium, depending on their launch price and engine capacity.

- Economy – From FY2012 to FY2017, the economy sub-category has held an 18-25% share in the motorcycles segment. Demand for the economy models mainly comes from rural and semi-urban areas. According to CRISIL Research, Hero continues to dominate the economy sub-segment, and had a stronghold of 55% in FY 2017. Bajaj Auto now accounts for 32.5% of the economy sub-segment after the launch of its new model in 2015. In the absence of new models, TVS Motors' market share in the segment dwindled from 15.8% in FY 2016 to 12.5% in FY 2017.

- Executive – As of FY2017, the executive sub-segment dominated sales with a 54% share. Hero remains the market leader in the executive sub-segment, with a 70.2% market share in FY2017. On the other hand, Honda Motorcycle and Scooter India ("**HMSI**") is slowly catching up — garnering a market share of 20.6%, 100 bps lower than last year. According to CRISIL Research, in FY 2017, Bajaj's market share improved to 5.1% from 4% in FY 2016. Further, between FY 2012 and FY 2017, Bajaj lost a considerable market share, despite launching several models of the Discover series with a strong segmental competition.

- Premium – According to CRISIL Research, the premium sub-segment contributed about 23% to domestic motorcycles sales volume in FY2017, which grew at a CAGR of 5% over FY2012 to FY2017. Bajaj retained the leadership position, with a 33% market share in FY2017. This segment, which comprises 150cc+ motorcycles, caters to the upper income class of two-wheeler consumers, who are not particularly price-sensitive. The main drivers for this segment are better products, improved features and strong brand value. In FY2017, Enfield remained the second-largest player in the segment with a 25.9% share. According to CRISIL Research, over the years, Enfield has become the fastest-growing player in this segment, with a sales CAGR of 51%. CRISIL Research notes that product offerings in this segment (especially in sports, cruiser and touring style bikes) were grossly inadequate in FY2017. With the entry of global players such as Harley Davidson, Kawasaki, KTM and Triumph into India, this segment is picking up. Moreover, increased competition, better affordability and better model launches, such as the variants of the Bajaj Pulsar series, TVS Victor, TVS Apache and Bajaj Avenger, help boost demand for the segment.

Premium segment on the rise



Note: Economy - Engine capacity < 110 cc, launch price < Rs. 45,000; Executive – Engine capacity 110-150 cc, launch price Rs. 45,000-65,000; Premium - Engine capacity > 150 cc, launch price > Rs. 65,000
Source: SIAM, CRISIL Research

Rural-urban split

According to CRISIL Research, two-wheeler demand from rural India is predominantly for motorcycles, given their sturdy structure, superior performance and lower cost, especially in the economy and executive segments. Scooters are predominantly an urban phenomenon, given the relatively frail build of scooters and an a relative lack of good road infrastructure in the rural areas. According to CRISIL Research, until 8-10 years ago, motorcycles were the primary vehicle segment for rural India, and rural markets commanded nearly 65% to 70% of market share for motorcycle sales, compared with approximately 30% market share for scooters.

Sales of mopeds have been primarily limited to rural areas of south India. But with superior product launches (XL100) and players' marketing pushes, the share of mopeds is also rising marginally in urban areas.

However, the acceptance of scooters in rural areas is increasing, given the convenience of scooters, coupled with improving road infrastructure in rural India. According to CRISIL Research, with a market shift towards premium bikes as well as an increased acceptance of scooters in rural areas, the share of rural markets in domestic sales has increased. According to its industry interactions, CRISIL Research estimates the share of rural sales to be about 55-60% in FY2017, about 60% for motorcycles, approximately 40% for scooters and 75-80% for mopeds.

Key macroeconomic trends and growth drivers for Indian domestic two-wheeler industry

Primary demand drivers for the two-wheeler industry are improving affordability and lower cost of ownership. Given the high exposure of two-wheelers in rural areas, they depend, in turn, on trends in rural incomes and infrastructure.

- ***Macroeconomic factors***: These primarily determine the disposable income and affordability of consumers. GDP (at constant FY2012 prices) grew at a CAGR of 6.9% between FY2012 and FY2017. CRISIL Research notes that GDP growth slowed between FY2012 and FY2014, mainly because of sluggish income growth, high interest rates, persistently rising inflation and a slowdown in industrial output. Post FY2014, the recovery in GDP growth rate was led by improving industrial activity, lower crude oil prices and supportive policies. However, demonetization put the brakes on GDP growth once again in FY2017, on top of dwindling private investment and slower global growth.

  Over the past three years, the Consumer Price Index (CPI)-based inflation has softened and stayed within the target range of the Reserve Bank of India (RBI). The government's initiatives to improve food supply management and lower minimum support price hikes, together with favorable oil and commodities prices, have helped rein in inflation.

- ***Crop value***: After two successive dry years, an improved monsoon in FY2017 resulted in 9% growth in the crop value index. A normal monsoon in FY2018 will help increase the crop value further, as minimum support prices (MSPs) have also recorded an increase for the previous kharif and current rabi seasons. CRISIL Research notes that the Indian government has announced food grain procurement prices, also known as MSPs, to protect farmers from price fluctuations in the market and ensure steady income. The Indian government has consistently raised the MSPs of major crops such as wheat, rice, sugarcane and cotton. MSPs of these crops grew at 10-15% CAGR between FY2007 and FY2014. However, the marginal hike in MSPs from FY2015 onwards has put stress on farm incomes.

- ***Rural infrastructure***: Rural infrastructure has a pronounced impact on rural incomes and, in turn, two-wheeler sales. Under the Pradhan Mantri Gram Sadak Yojana (PMGSY) launched in 2000, the Indian government aims to build all-weather roads in rural India. The scheme involves the construction/upgrade of over 800,000 km of rural roads. Of these, 490,187 km of roads connecting 121,241 habitations were completed as of December 2016.

  The favorable impact of improving rural infrastructure on demand works in two ways:

  - Directly, by generating employment, wages, and income multiplier in the rural economy during construction of roads

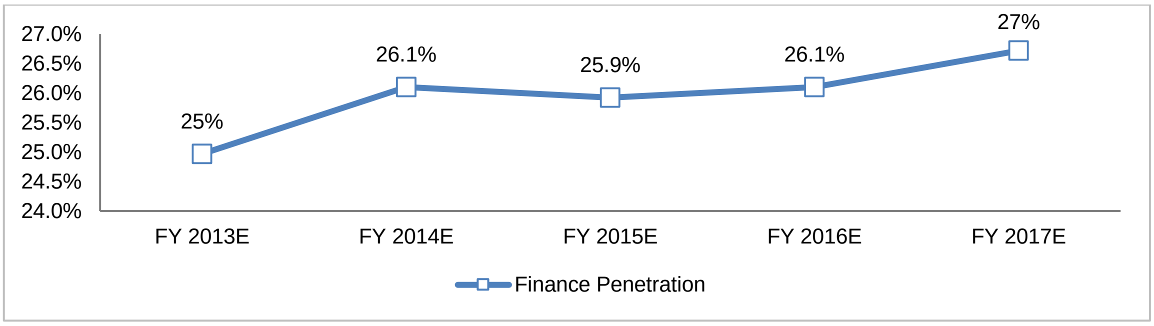
  - Indirectly, by enabling mobility and accessibility through connectivity

  According to a study by CRISIL Research, every kilometer of road constructed results in ownership of an additional 20-25 two-wheeler vehicles.

- ***Improving financial scenario***: Cash transactions continue to dominate motorcycle sales, as compared with other automotive segments, given the industry's smaller ticket sizes, relatively lower-income profile of customers, high default rates, and difficulty in repossessing vehicles.

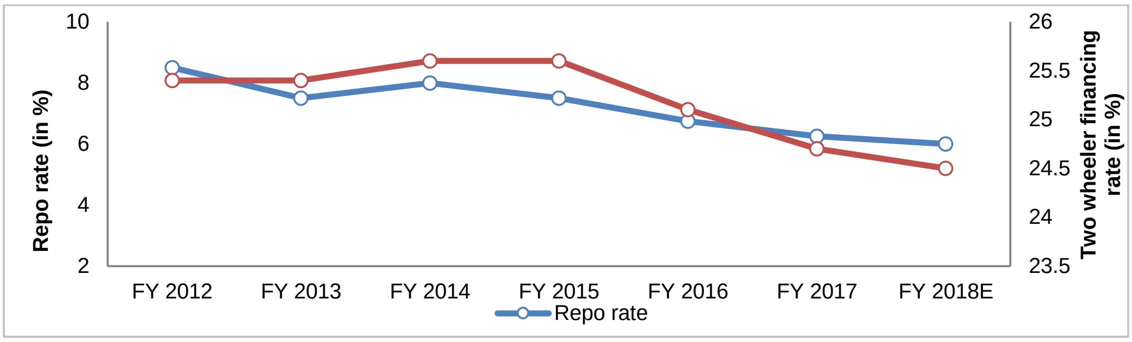
  Stringent credit norms and availability of credit information through the Credit Information Bureau (India) Ltd (CIBIL) have helped players to widen their customer bases. The industry has witnessed strong competition with new players in the form of non-banking financial companies (NBFCs) targeting those markets exited by banks, and captive NBFCs (operated by two-wheeler manufacturers) largely focusing on non-metropolitan cities. CRISIL Research estimates penetration levels to have reached 27% in FY2017.

Increased financing options to back sales growth



Source: CRISIL Research

Lower auto finance rates



NOTE: Repo rate as of March for a particular year
SOURCE: CRISIL Research

CRISIL Research notes that lower auto finance rates, which are dependent on the repo rate provided by the government, have a generally favorable impact on overall automobile sales. CRISIL Research notes that as at December 2017, the repo rate has been reduced by 200 basis points (bps) since January 2015, with the last rate cut occurring in August 2017. This in turn has resulted into auto finance rates contracting 100-150 bps.

Moreover, CRISIL Research notes that the dependency of auto finance rates on the repo rate has become more pronounced following the implementation of a marginal cost of funds based lending rate (MCLR) regime beginning on 1 April 2016, as banks are forced to pass on interest rate benefits to end consumers, and has helped bring yields down. CRISIL Research also notes that overall yields in the auto finance segment have declined in the last two-three years, led by softening of retail inflation and reduction in government securities yields. Also, auto finance rates have dropped significantly.

While CRISIL Research expects auto finance rates to decline further in the future, it does not expect the drop to be significant, as financiers are reluctant to pass on the entire benefit of the lower cost of funds to borrowers, on account of deteriorating asset quality and continuing concerns over weak rural income growth. Additionally, CRISIL Research expects the muted rates coupled with financiers' aggressive expansion into untapped markets, offering higher loan-to-value, to help expand finance penetration and, in turn, auto sales.

- ***Participation of women in the workforce****:* The increasing participation of women in the workforce improves the household income. This, in turn, gives a boost to two—wheeler sales. The past decade saw a sharp rise in the participation of women in the workforce. Participation grew at 4.2% CAGR between FY2000 and FY2012, led by the rising education level among women, as well as an improvement in the services sector. According to CRISIL Research estimates, 35-40% of typical urban two-wheeler sales are due to women's participation in the workforce.

- ***Urbanization****:* the annual growth in urban population in India between FY2010 and FY2015 was 1.1%, the highest among the major economies (*Source: UN World Urbanization Prospects Report, 2014*). CRISIL Research notes that urbanization in India is currently happening at a rapid pace and demand for automobiles such as passenger vehicles and two-wheelers will continue to rise as a result.

- ***One-off events***: Other one-off events which have contributed to the growth for the domestic two-wheeler industry include:

    - *Brexit* – according to CRISIL Research, approximately a quarter of India's auto component exports are to Europe, and the UK has a share of approximately 5% in overall exports. CRISIL Research notes that given the uncertainty caused by Brexit in the global economy, component suppliers in the automobile space will be more adversely affected compared to OEMs. Accordingly, any dampening of prospects due to economic uncertainty and depreciation of the pound will have a corresponding impact on the revenues of these companies.

- *BS-III ban*: according to CRISIL Research, the Supreme Court's 29 March 2017 ruling banning the sale and registration of BS III-compliant vehicles from 1 April caught automobile manufacturers off-guard. Among the two-wheeler players, CRISIL Research notes that Bajaj, Yamaha and Eicher had upgraded all their offerings to BS-IV beginning January 2017. However, market leader Hero MotoCorp, as well as TVS Motors and Honda Motorcycles and Scooters, were still upgrading in batches until the first half of March 2017.

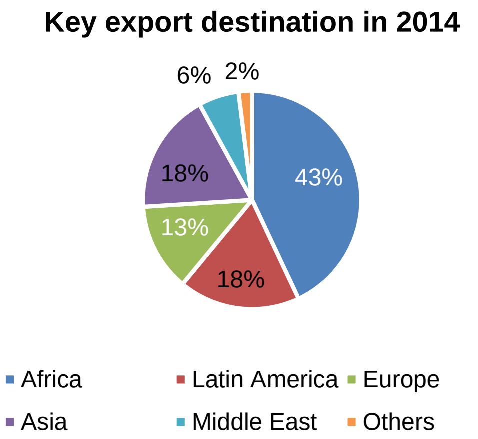
Key growth drivers for Indian two-wheeler industry exports

- ***Rising crude oil prices***: India primarily exports to crude oil-driven economies such as Nigeria and the Middle East. Rising crude oil prices boosted these economies and, in turn, India's exports to these countries. .

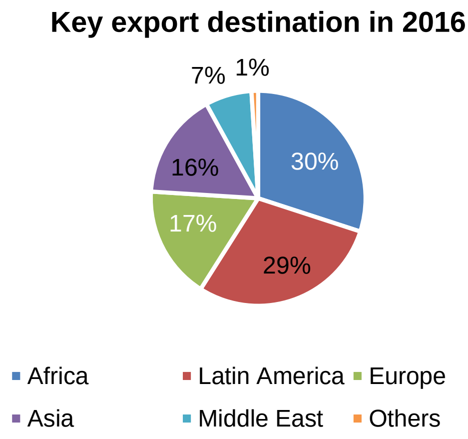
- ***Focus on other markets***: To battle the slump, CRISIL Research notes that players have been focusing on other markets, such as Latin America. Recent expansion in the Latin American markets by Hero and TVS will support growth in demand for exports.

  CRISIL Research notes that India's share of exports to Latin America increased to 29% in 2016 from 18% in 2014.

Share of key export destinations



Source: UN Comtrade, CRISIL Research



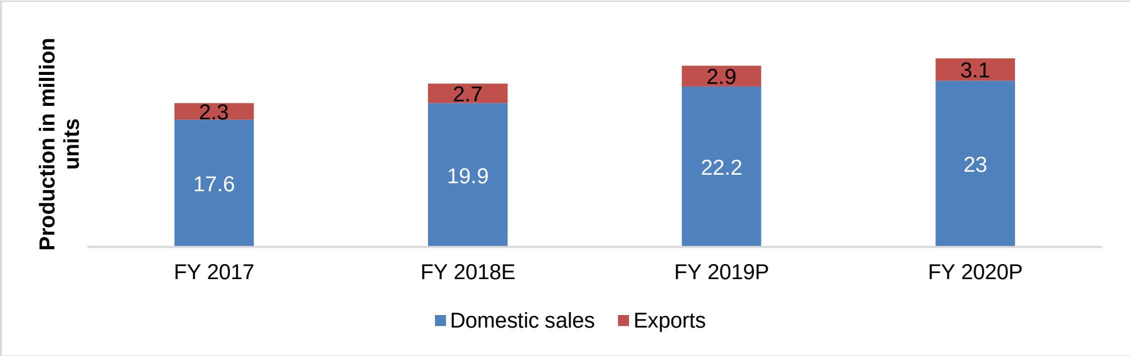
Source: UN Comtrade, CRISIL Research

Outlook on export and domestic markets and future growth drivers

Outlook on export and domestic markets

According to SIAM and CRISIL Research, overall domestic two-wheeler production is estimated to grow at a robust pace of 8-10% CAGR in the next three years to reach around 26.3 million units by FY2020 from around 19.9 million, 22.5 million, and 24.7 million in FY2017, FY2018 and FY2019, respectively. Domestic sales, which forms approximately 85% of total production, is also estimated to grow at a similar pace of 8-10% during the period. On the other hand, it estimates exports to grow at a faster pace of 9-11% from the low base of FY2017.

Share of domestic sales vs exports in overall production



Source: SIAM, CRISIL Research

CRISIL Research expects that manufacturers' focus on urban markets, expansion in the distribution network in semi-urban and rural areas, model launches, and better product positioning, will drive up volumes.

CRISIL Research projects the domestic two-wheeler industry to grow at a faster pace of 11-13% in FY2018, led by improved affordability and positive rural sentiments, as compared with 7% in FY2017.

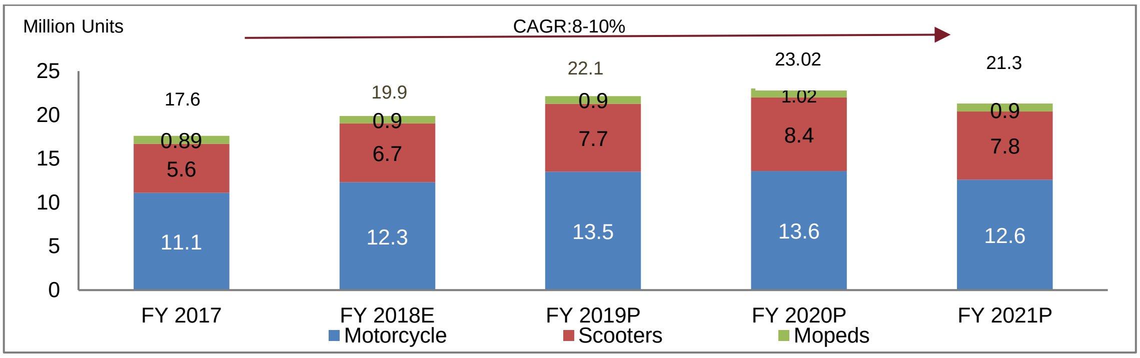
Higher GDP growth and lower inflation will lead to better affordability, measured by an increase in disposable incomes. CRISIL Research expects affordability to improve, especially in rural areas, as a result of better crop output due to a better monsoon. Muted interest rates will further aid demand. Moreover, it expects the cost of ownership to rise moderately on account of vehicle price hikes, offset by a decline in prices post GST imposition.

In FY2019, CRISIL Research expects the two-wheeler industry to grow 6-8%, assuming normal monsoons and improved rural demand, State Pay Commission pay-outs, and a pick-up in infrastructure activities. Further, improvement in government spending is likely to boost demand in the second half, pushing demand upwards by 1-3%.

CRISIL Research expects scooters to grow at a faster pace of 9-11%, followed by motorcycles and mopeds, reporting a modest growth of 5-7% and 4-6%, respectively.

The scooter segment continues to outperform the industry, growing 16% between April and November 2017. Moped sales saw a 7% decline in that period, while motorcycles grew 8%.

Estimated growth in domestic two-wheeler market



Source: SIAM, CRISIL Research

Motorcycle sales are likely to grow on the back of robust rural sales between FY2018 and FY2020. CRISIL Research expects mopeds, which account for 4-5% of domestic two-wheeler sales, to also continue growing at a moderate pace.

Within motorcycles, the premium segment's share has been steadily rising on the back of increased competition, affordability, and better model launches. According to CRISIL Research, with the entry of global players, the segment is picking up.

Additionally, Indian companies are also launching products to cater to this segment and compete with global players. CRISIL Research expects the premium segment to show robust demand in FY2018 and FY2019, fueled by improving consumer affordability and coupled with changing consumer preference towards high-end bikes.

Outlook on exports

On the exports front, CRISIL Research estimates two-wheeler exports from India to bounce back from the low base of 2.3 million units in FY2017 to 3.1 million units in FY2020. While the expanding geographical footprint and more extensive product portfolios will be the main drivers, crude oil prices and currency fluctuations in export markets will remain a monitorable.

The exports market has grown 16% between April and October 2017. CRISIL Research expects volumes to increase over the next few months, as the efforts of OEMs to diversify into more promising geographies bear fruit.

Exports to African countries suffered following a slump in oil prices. Although oil prices have stabilized, shortage of foreign exchange is expected to keep exports muted. However, a likely improvement in African economies is expected to have some positive impact in FY2018. According to the IMF, these economies are expected to grow 2.6% in 2017, against 1.4% in 2016.

Exports growth for India, however, will be led by Latin America, whose economic growth estimates, according to the IMF, appear better in 2017 (1.1% GDP growth vis-à-vis 0.97% in 2016). An appreciation of Latin American currencies (the Mexican peso appreciated 6%, the Argentine peso climbed 3%, while the Colombian peso rose 1% in January-May 2017) will also augur well for Indian exports.

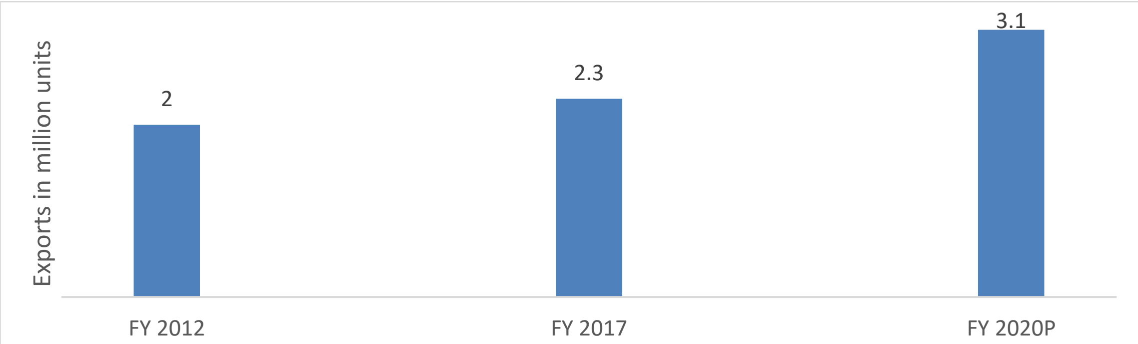
Moreover, recent expansion in the Latin American market by Hero and TVS will support growth in demand for exports.

Future growth drivers for the exports market

Stable crude oil prices to aid demand from African countries

Improvement in Latin American economies

Continued expansion undertaken by players



Source: SIAM, CRISIL Research

India traditionally sold motorcycles in the exports market. However, players are now also focusing on scooters to cater to scooter-oriented markets such as Southeast Asia. In FY2017, scooter exports rose 14%, while Motorcycle exports have been growing at a rapid pace of 17%.

Outlook on domestic market

Future growth drivers for domestic sales

CRISIL Research summarizes the growth drivers for the domestic industry in the near term as the following:

- Likely improvement in macroeconomic factors after a patch of subdued growth earlier this FY
    - GDP growth to grow at 6.5% (with a downside bias) in FY2018. Inflation, on the other hand, is expected to remain soft at approximately 5%.
    - In the next two years, growth to continue to be consumption led, given a normal monsoon, softer interest rates and inflation, and implementation of Pay Commission hikes by states, which will push up purchasing power.
    - The anticipated easing of interest rates in FY2018 will augur especially well for the two-wheeler industry.
- Anticipated improvement in rural demand.
- Further rise in finance penetration levels in FY2018, as banks and NBFCs continue to focus on semi-rural and rural areas.
- Rural infrastructure growth that, in turn, has a pronounced impact on rural incomes. Strong investments under infrastructure schemes in FY2018 and an expected increase in government spending in FY2019 will further boost rural infrastructure, with multiplier effects.

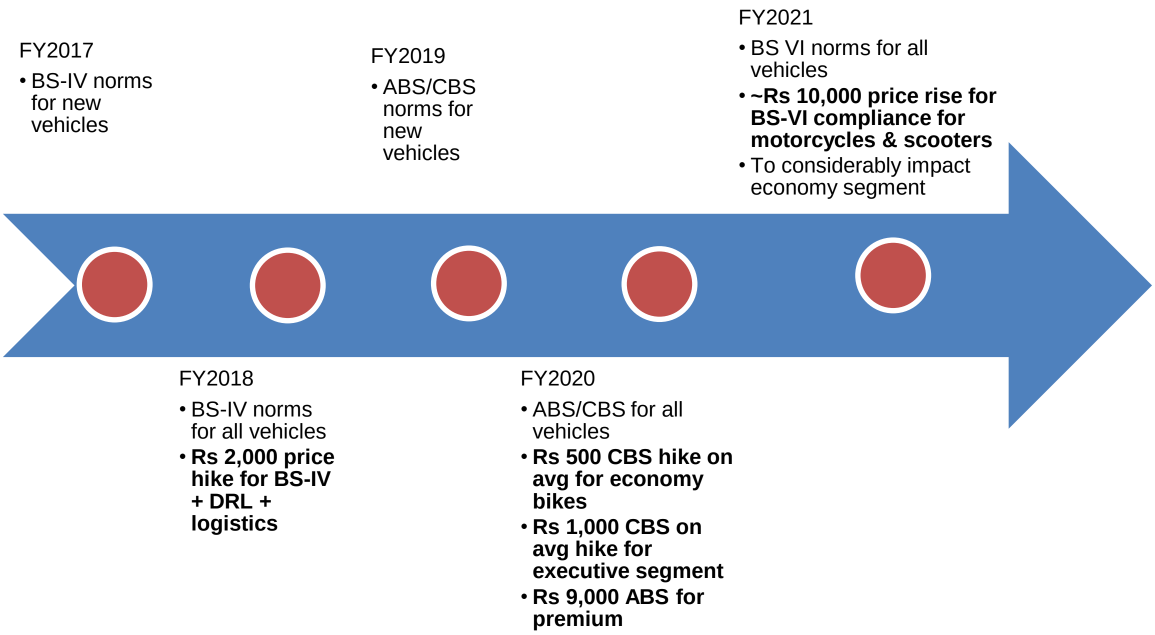
However, CRISIL Research expects the cost of ownership to rise by approximately 6% in FY2018, owing to a rise in petrol costs, along with an annual rise in vehicle prices. Additionally, compliance with ABS and CBS norms will further push vehicle prices upwards (a major hike of Rs 7,000-10,000 to be seen in premium motorcycles). In FY2019, CRISIL Research expects volatile fuel prices to push up the cost of ownership slightly.

Emission norms compliance to impact demand in 2021

The Indian government has been taking aggressive steps to converge Indian emission standards with global norms. In February 2016, it decided to skip BS-V norms and directly mandate BS-VI norms.

Compliance with the latest emission standards will necessitate upgrading some components as well as developing newer technologies, which will result in higher vehicle cost.

Regulatory timeline and its impact on prices



Source: CRISIL Research

BS-IV norms (FY2017 and 2018)

The government mandated BS-IV norms to models launched from FY2017. Customers, however, had a choice of purchasing BS-III-compliant older models or higher-priced BS-IV-compliant new models as earlier launched BSIII models were still available in the market. Hence, there was no negative impact to the industry in FY2017. Even the Supreme Court's BS-III vehicle ban during the year did not impact industry sales. Also, there was advance buying towards March 2017 end to circumvent the BS-III ban coming into effect from FY2018.

However, from FY2018, BS-IV norms have been made mandatory for all two-wheelers sold. Original equipment manufacturers (OEMs) will have to optimize vehicle combustion processes, while adding carbon canisters to control evaporative emissions. Hence, CRISIL Research anticipates the cost per vehicle to increase by approximately Rs 1,000 during the year. Though, it does not expect the marginal price to impact two-wheeler demand significantly.

Antilock/combined braking system norms

Antilock braking system (ABS) and combined braking system (CBS) norms will be mandatory for newly launched two-wheelers from FY2019. CBS will be compulsory for all vehicles below 125 cc and ABS for all vehicles above 125 cc. CRISIL Research, though, does not envisage any impact of these norms in FY2019, as customers will have an option to purchase cheaper models.

However, in FY2020, with ABS/CBS norms becoming mandatory for all vehicles sold, CRISIL Research estimates an average price hike of Rs 500 in the economy segment, Rs 1,000 in the executive segment, and Rs 9,000 in the premium segment, based on interactions with industry players and component manufacturers.

The hike, though, is not significant enough to impact even the price-sensitive economy segment. Hence, CRISIL Research does not anticipate demand to be affected in FY2020.

BS-VI norms compliance

BS-VI norms, which will become mandatory from FY2021, will have a major impact on demand. BS-VI compliance will entail a major shift from carburettor to fuel-injection systems; currently, only a few vehicles have the fuel-injection type engines.

CRISIL Research expects the shift to increase two-wheeler vehicle prices by nearly Rs 10,000. This price hike will be across segments. Hence, it expects the price-sensitive economy segment to be impacted the most, as this will entail a 20-25% jump in vehicle prices during the year. Also, while the impact in the high-end premium segment is not expected to be considerable, it anticipates a shift in demand to the executive segment, and from the executive segment to the economy segment.

While CRISIL Research does not anticipate the effect on the urban-centric scooters segment to be sharp, the mopeds segment is forecast to be significantly affected, owing to the price-sensitive nature of customers, who primarily belong to the low-income group.

Competitive Landscape

The two-wheeler industry is highly competitive. According to CRISIL Research, key factors that aid competition are:

- ***Capacity expansion*:** Manufacturers have expanded capacities to cater to rising demand, with the current (FY18) utilization level at 75-77%. Capacity utilization, though, is still below the peak level of 91% in FY2012, thus intensifying competition.

  Utilization levels have been declining during FY2012-2017, as capacity expansion outpaced sales growth, with utilization dropping to 68% levels in FY2017. CRISIL Research estimates utilization to have reached 75-77% levels in FY2018 and for this figure to improve further in the future.

- ***Expansion of dealership network*:** Manufacturers have expanded their dealership/service networks into tier-III cities and beyond, owing to rising demand in non-metro cities. CRISIL Research expects this expansion to also increase competition.

  It also estimates the two-wheeler touch points to have expanded approximately 9% in FY2017, taking the total count to 5,730. It expects the network to grow approximately 6.5% to reach 6,100 levels in FY2018. Looking ahead, CRISIL Research expects the network expansion to continue, albeit at a slightly slower pace of 6-8% CAGR.

- ***Model launches*:** Across two-wheeler manufacturers there has been a rise in new launches and makeovers of key models.

Motorcycles have traditionally dominated the domestic two-wheeler industry. However, an increasing preference for gearless scooters has led to the segment's market share shrinking to 62% in FY2018 year-to-date (YTD) from 73% in FY2013.

In line with the overall trend, Hero, which is primarily in the motorcycles segment, has seen its market share slide. Hero however remains in pole position in the overall two-wheeler industry. Bajaj's market share is also declining. In contrast, HMSI has steadily gained market share, mainly on the back of improving scooter sales.

Change in market share of major companies (overall)

Players	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Hero MotoCorp Ltd.......................................	45.1%	42.9%	41.3%	40.3%	39.0%	36.9%
Honda Motorcycle & Scooter India (Pvt) Ltd	14.9%	18.9%	24.0%	26.6%	26.0%	26.9%
TVS Motor Company Ltd.	14.1%	12.8%	11.8%	13.1%	13.4%	14.2%
Bajaj Auto Ltd..	19.1%	17.9%	14.2%	11.1%	11.5%	11.4%
India Yamaha Motor Pvt. Ltd.......................	2.7%	2.6%	3.3%	3.5%	4.0%	4.5%
Royal Enfield Motors....................................	0.6%	0.9%	1.4%	2.0%	3.0%	3.7%
Suzuki Motorcycle India Pvt. Ltd..................	2.5%	3.0%	2.4%	2.1%	1.9%	2.0%
Mahindra & Mahindra Ltd.	1.0%	0.8%	1.4%	1.0%	0.9%	0.3%
Piaggio Vehicles Pvt Ltd..............................	0.0%	0.3%	0.2%	0.2%	0.2%	0.2%
Overall domestic sales (million units)...........	13.4	13.8	14.8	15.9	16.5	17.6

Note: Players like Harley Davidson & Triumph Motorcycles are also present in the market and have minimum volumes
Source: SIAM, CRISIL Research

Given the continued demand for HMSI vehicles along with superior product launches by HSMI, CRISIL Research expects the company to expand its share in the Indian market over the next three years.

In line with HMSI, Royal Enfield, which was facing capacity constraints, has recently expanded its capacity. With changing preference towards premium bikes, expected increase in affordability and continued traction for its premium motorcycles, we expect Royal Enfield to corner market from competitors like Bajaj.

Estimated market share of major companies (%)

Players	FY 2017	FY 2018	FY 2019	FY 2020
Hero MotoCorp Ltd.	36.9%	36.2%	35.6%	35.2%
Honda Motorcycle & Scooter India (Pvt) Ltd	26.9%	29.0%	29.5%	30.2%
TVS Motor Company Ltd.	14.2%	14.1%	14.3%	14.5%
Bajaj Auto Ltd.	11.4%	9.8%	9.5%	9.0%
India Yamaha Motor Pvt. Ltd.	4.5%	3.9%	3.8%	3.2%
Suzuki Motorcycle India Pvt. Ltd.	2.0%	2.5%	2.6%	2.8%
Royal Enfield Motors	3.7%	3.9%	4.2%	4.5%
Others	0.6%	0.4%	0.5%	0.6%
Overall two-wheeler sales (million units)	17.6	19.9	22.2	22.9

Source: CRISIL Research

In contrast, motorcycle-focussed manufacturer Bajaj has been facing some heat due to the lack of a fast-growing scooter model in its portfolio. With a pipeline of new vehicles and increased capacity, CRISIL Research expects demand for the company's models to improve. However, it does not expect the company's contracting market share to reverse in the next three years.

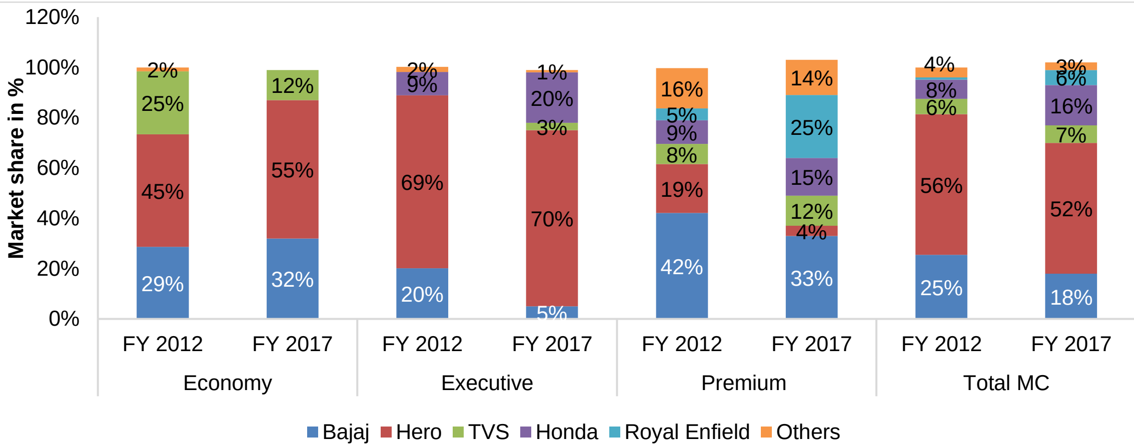
Market leader, Hero, is expected to continue to face intense competition, especially from HMSI. Some increase in capacity will provide support. However, CRISIL Research expects market share to contract as well.

According to CRISIL Research, superior launches in the form of *Jupiter XL100* helped TVS maintain its market share at 14% in FY2017. Without continued success for its new launches, though, the company could also find it challenging to maintain market share.

Motorcycles

Within motorcycles, the economy sub-segment comprised a 26% share of overall sales, the executive sub-segment 54%, and the premium sub-segment 20% in FY2018 YTD.

Player and segment-wise market share trend



Note: Economy - Engine capacity < 110 cc, launch price < Rs 45,000; Executive – Engine capacity 10-150 cc, launch price Rs 45,000-65,000; Premium - Engine capacity > 150 cc, launch price > Rs 65,000
Source: CRISIL Research

CRISIL Research expects the premium sub-segment to see more launches. Also, with global players such as Harley Davidson, Kawasaki, KTM and Triumph offering a wider range of products, it also expects competition to intensify in the sub-segment.

Scooters

Between FY2012 and FY2017, scooter sales accelerated 17% CAGR, compared with 2% CAGR for motorcycles. As a result, the share of scooters in domestic two-wheeler sales rose to 33% from 19% over the period.

HMSI, Yamaha gain; TVS maintains; Suzuki loses share in scooters

Scooter Players	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Hero MotoCorp Ltd..................	16.2%	18.8%	19.2%	16.7%	16.3%	14.1%
Honda Motorcycle & Scooter India (Pvt) Ltd	47.9%	48.6%	52.8%	55.6%	55.4%	56.9%
India Yamaha Motor Pvt. Ltd...	0.0%	2.1%	4.9%	4.8%	6.3%	7.9%
Mahindra & Mahindra Ltd.	5.3%	3.5%	1.3%	1.0%	1.7%	0.6%
Piaggio Vehicles Pvt Ltd..........	0.0%	1.3%	0.9%	0.6%	0.5%	0.8%
Suzuki Motorcycle India Pvt. Ltd.	11.3%	11.2%	8.2%	6.1%	4.4%	5.0%
TVS Motor Company Ltd.	19.4%	14.5%	12.7%	15.1%	15.4%	14.7%
Domestic scooter sales (million units)....................................	2.6	2.9	3.6	4.5	5.0	5.6

Source: SIAM, CRISIL Research

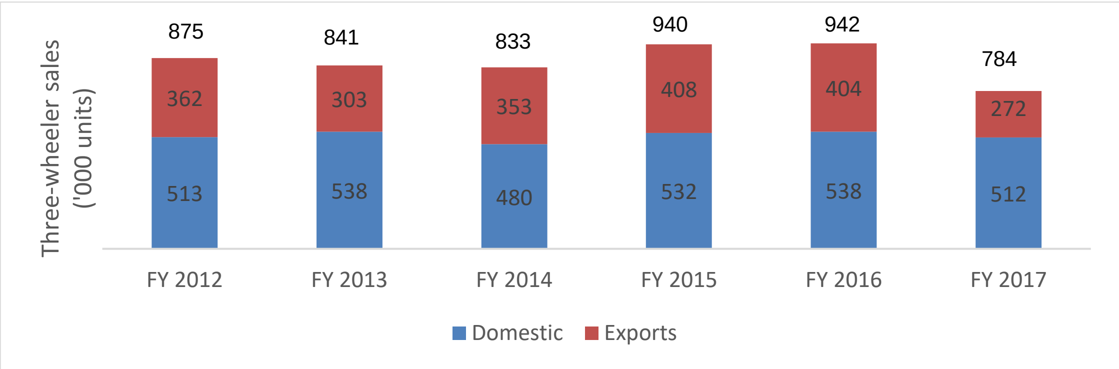
Given higher growth in demand for models in this segment vis-à-vis the overall two-wheeler space, CRISIL Research expects more action from existing players in the near-to-medium term.

THE INDIAN THREE-WHEELER INDUSTRY

Review of the Indian three-wheeler industry – historic sales development

According to CRISIL Research and SIAM, total sales of three-wheelers, including both domestic and export segments, declined at a compound annual rate of 2% between FY2012 and FY2017, due to subdued demand from the domestic market.

Three-wheeler sales



Source: SIAM, CRISIL Research

Total sales were flat in FY2014, as good exports performance was offset by weak domestic sales. However, total sales grew 13% in FY2015, due to a revival in domestic demand and weakness in exports. Again, sales were flat in FY2016 and fell 17% in FY2017.

Over the past five years, small commercial vehicles (SCVs), especially sub-one-tonne models (0.75-tonne payload), were substituting large three-wheelers of similar payload capacity, given the SCVs' ability to carry loads beyond payload capacities, run longer routes, maintain better balance, and be more cost efficient.

Domestic sales and exports averaged 60:40 between FY2012 and FY2017. In FY2017, exports took a hit, raising the domestic sales' contribution to 65%. According to CRISIL Research, the domestic share is usually 60-65%, with the remainder consisting of exports.

Domestic sales

Domestic sales remained flat between FY2012 and FY2017. In FY2012, they decreased by 2% due to frequent fuel price hikes and a significant hardening in interest rates.

Network correction and expansion efforts, increasing diesel vehicles' share through new initiatives, improving financing options for buyers through public sector banks, and new three-wheeler permits in Delhi and Jaipur were some of the major contributing factors for the sales improvement in FY2013, especially in the passenger vehicle (PV) segment. On the other hand, the goods vehicle (GV) segment decreased by 9% in FY2013, due to the lack of investments and tepid economic growth. According to SIAM, total domestic sales improved 5% during the FY2013.

The industry's sales numbers have remained within 500,000-540,000 units in most of the years, except for FY2014, because of fewer offered permits in the metropolitan areas. Urban and rural markets were affected by rising interest rates, increasing petrol prices and inflation.

In FY2017, the industry saw a dip of 5%, due to sluggish domestic growth and credit constraints that affected PV sales.

Exports

Export sales growth was boosted by the PV segment, as it comprises 99% of export sales, according to SIAM. Total export sales to South Asia rose 34% in FY2012, with the major market shares maintained by Sri Lanka and Bangladesh. Sri Lanka powered growth due to consumer demand for PVs.

However, in FY2013, the performance of exports deteriorated due to lower exports to Sri Lanka. In May 2012, the country significantly raised its import tariffs on three-wheelers. Additionally, Egypt faced difficulties in opening letters of credit, due to a shortage of US dollars.

Exports improved consistently after FY2013, due to stable global conditions. However, exports dropped in FY2016 due to external factors, such as economic and political crises as well as financial and foreign currency constraints in some countries, such as Egypt and Nigeria.

As of FY2017, sluggish domestic growth and credit constraints, coupled with political, economic and currency problems in many countries, hindered three-wheeler exports, by hurting demand by more than 30%. As a result, exports were almost flat between FY2012 and FY2017 in terms of CAGR.

Regulatory/macroeconomic trends and growth drivers behind domestic three-wheeler sales

- Sales declined due to low growth and inflation between FY2012 and FY2014.
- The substitution effect of SCVs also kept three-wheeler segment sales growth flat between FY2012 and FY2017.
- Lack of infrastructure is a major growth driver in rural areas, where three-wheelers are preferred. Moreover, three-wheelers are suited for transporting gas cylinders, textiles, agricultural products and fisheries Products, among other things.
- Growth in the passenger segment is influenced by the number of permits. Few state governments in India have issued new three-wheeler permits. For example, Maharashtra has recently issued fresh three-wheeler permits for around 80,000 units.
- During the transition from BS-III to BS-IV, three-wheeler sales were affected detrimentally at domestic level in March 2017.

- During demonetization, sales were impacted in the month of November 2017.

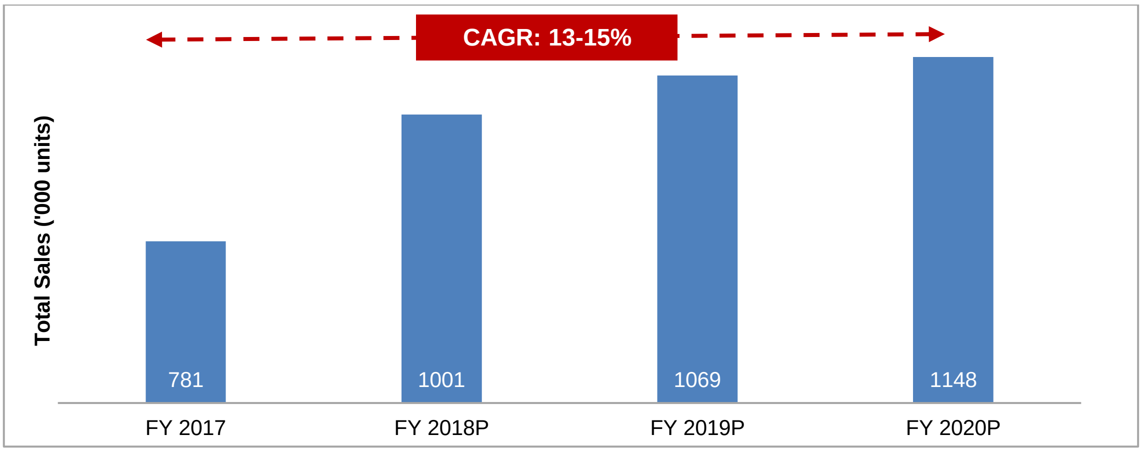
Outlook of the Indian three-wheeler industry

Production

India has emerged as the largest three-wheeler producer, with a large domestic market and export base. CRISIL Research calculates the country's three-wheeler production to have grown at a 3% CAGR from FY2012 until FY2017, with steadily rising exports and domestic demand. Sales in the passenger vehicle market will be influenced by the issuance of permits. CRISIL Research expects demand for compressed natural gas (CNG)-based three-wheelers to also grow, as cities with adequate infrastructure are pushing for CNG-based vehicles and more cities adopt CNG.

Total sales

Between FY2017 and FY2020, CRISIL Research expects three-wheeler sales to increase at a 13-15% CAGR, because of moderate domestic growth of 8-10% CAGR and a healthy exports growth of 20-22% CAGR.



Source: SIAM, CRISIL Research

Key growth drivers for domestic sales and export sales

- Strong demand from international markets, due to the rising demand for last-mile connectivity because of the lack of well-developed public transport systems.

- India is one of the largest exporters of three-wheelers, and major players are continuously expanding their distribution reach in other countries to boost exports growth. Exporting countries include emerging markets like Africa, South East Asia and Latin America.

- Issuance of fresh permits for passenger three-wheeler vehicles.

- Availability of funding, especially through organised channels.

- Replacement demand has also been an important growth driver, wherein an improving network of CNG fuel stations is driving the replacement of older petrol- or diesel-powered vehicles with the CNG-based vehicles.

- Despite the fact that the usage of CNG is mandatory only in Delhi, the acceptance for CNG-based three-wheelers has caught up in other cities, primarily on the back of favorable operating economics.

- Cab aggregators are aggressively expanding their three-wheeler transportation to provide affordable and last-mile connectivity, thus acting as another growth driver.

Two-wheeler and three-wheeler clusters in India

Just in Time delivery is important in the automotive component industry. Hence, most of the automotive component manufacturers are located near their customers (OEMs).

Two and three-wheeler OEMs	
North	Bajaj Auto Hero Motocorp Honda Motorcycle & Scooter India Pvt. Ltd. India Yamaha Motors Scooters India Ltd. TVS Motor Company Suzuki Motorcycle India Pvt. Ltd.
West	Atul Auto Bajaj Auto Hero Motocorp Honda Motorcycle & Scooter India Pvt. Ltd. Mahindra & Mahindra Piaggio
East	-
South	Honda Motorcycle & Scooter India Pvt. Ltd. India Yamaha Motors Royal Enfield TVS Motor Company

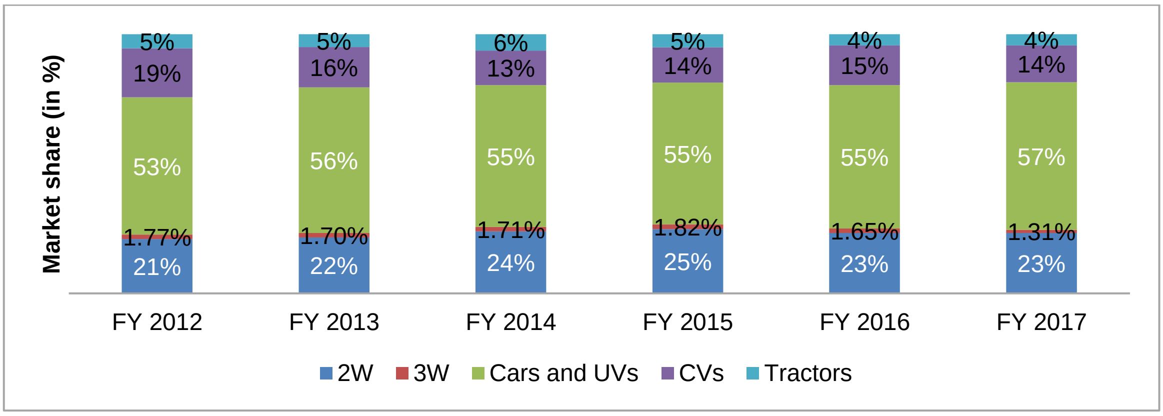
Source: CRISIL Research, Industry

THE INDIAN TWO-WHEELER AND THREE-WHEELER AUTO COMPONENT INDUSTRY

Review

Split by vehicle categories – cars and UVs occupy the highest share

Cars and UVs occupies the highest share

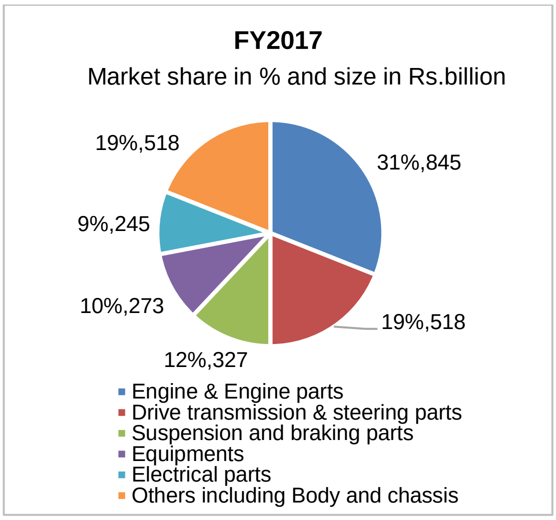


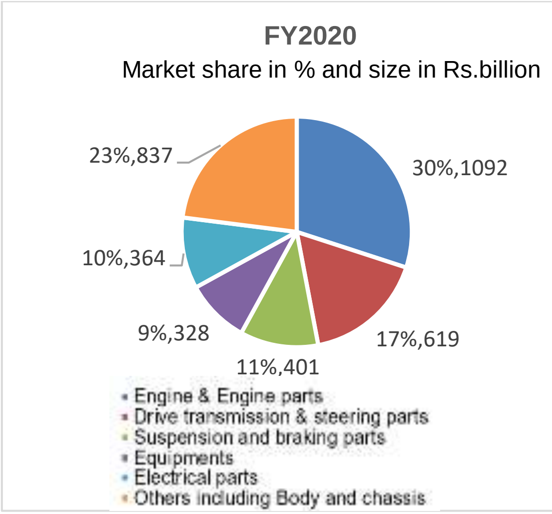
SOURCE: CRISIL Research

- The proportion of manufacturing activity outsourced to auto-component manufacturers is highest for cars and utility vehicles, explaining this segment's prominence.

- Outsourcing to auto-component manufacturers is the least in the three-wheeler segment, because of lower volumes involved, in comparison to other vehicle segments. CRISIL Research expects volumes to increase in the future, owing to growing technological spends by auto-component players. It also expects localization by certain original equipment manufacturers (OEMs) to increase further, supporting growth in domestic OEM offtake.

Split by major auto component categories – engine and engine parts occupy the highest share





SOURCE: ACMA, CRISIL Research

- The Indian auto-component industry can broadly be classified into organized and unorganized sectors. The organized sector caters more to demand for high-value precision instrument, such as engine parts, and the unorganized sector to the aftermarket with low-value products such as switches.

- Over the years, the industry has developed capability of manufacturing the entire range of auto-components required for vehicles. According to CRISIL Research, engine and drive transmission parts together contribute about 50% of auto-component industry production. Engine parts, which constitute 31% of production, mainly comprise pistons, engine valves, carburetors, fuel-injection systems, camshafts, crankshafts and cooling systems. Drive transmission parts, which constitute 19% of total production, include axle assembly, steering parts and clutch assembly.

- Component-wise market shares have remained stable over the past few years.

- Engine components fall into three broad categories — core engine components, fuel delivery system, and others. This segment accounts for 31% of the auto-component market (by value).

- Steering system industry is technology- and capital-intensive in nature, which acts as an entry barrier, especially for smaller players and the unorganized segment. With power steering reducing driving effort, it is increasingly becoming popular and, consequently, players are shifting their product mix towards power steering from manual steering systems. Manufacturing axles, another critical auto-component, is also a capital- and technology-intensive business. Designing axles to meet exact engine specifications is a key success factor of axle manufacturers. Braking systems are not technology-intensive.

- Body and chassis segment is fragmented and dominated by unorganized sector since it is not technology or capital intensive in nature.

- Suspension and braking component segment includes components such as brakes, brake linings, leaf springs and shock absorbers, which account for around 12% of the domestic auto-component market, according to ACMA and CRISIL Research.

- ACMA and CRISIL Research note that equipment segment accounts for around 10% of the auto-component market, comprising components such as headlights, dashboard instruments, wiper motors and electric horns. Manufacturers of various types of lights are increasingly innovating to enhance appearance of personal vehicles such as cars and two-wheelers.

- Electrical segment is one of the most dynamic segments because of constant evolution of technology. New cars have an increasingly higher proportion of electrical parts.

- In the next three years, until FY2020, CRISIL Research expects the overall auto component industry to grow at a 9-11% CAGR from Rs. 2,727 bn to Rs. 3,641 bn.

Engine & engine parts	**Drive transmission & steering parts**	**Suspension and braking parts**	**Equipment**	**Electrical parts**	**Others including body and chassis**
Piston and piston parts	Steering system	Suspension parts	Switches	Starter motor	Sheet metal parts
Fuel injection equipment and carburettor	Axle assembly	Braking parts	Horns	Generators	Seating system
Powertrain components (cylinder heads, cylinder blocks)	Clutch assembly		Lights	Alternators	Mirror
Engine cooling system	Wheel and wheel rims		Wiring harness	Flywheel	Fuel tanks
Other powertrain components			Dashboard	Magnetos	Plastic-moulded components
Engine bearing and valves				Distributor and regulators	Rubber components
Exhaust system					Locks
Gaskets, liners and filters					Ball and roller bearings
Other engine parts					

SOURCE: CRISIL Research

Historic growth drivers

- The Indian auto-component industry started with car manufacturers outsourcing their work to other smaller players, generally in the vicinity of plants and has developed gradually.

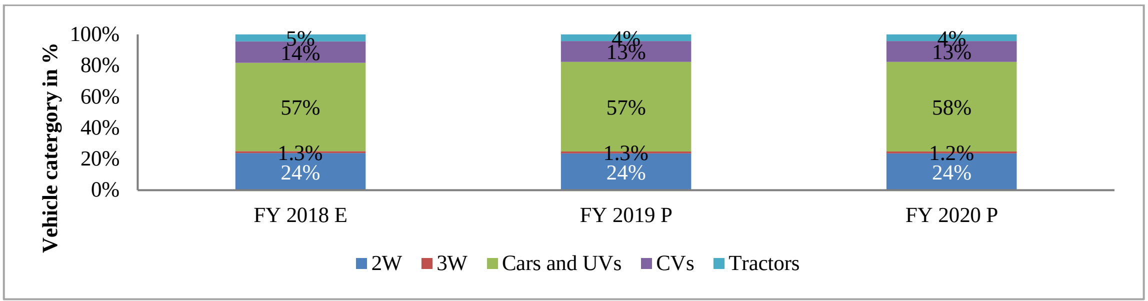
- Previously, the industry had a low base and was highly fragmented because of the presence of only a few OEMs across vehicle segments. The domestic auto-component industry largely consists of small and medium-sized enterprises. According to ACMA, the FY2017 industry is composed of 780 organized players and 5,800 unorganised players. In terms of revenue, however, the organized segment dominates the industry. Auto Component Manufacturers Association (ACMA) members represent 85% of the overall industry turnover in FY2017 from previously approximately 77% in FY2010.

- Global automobile manufacturers regard India as a manufacturing hub for auto-components and are rapidly ramping-up the value of components they source from India due to cost competitiveness in terms of labor and raw material. India is known to have an established manufacturing base. Components of fine quality are now manufactured in India (used as original components in vehicles made by General Motors, Mercedes, IVECO and Daewoo, among others).

Outlook

Split by vehicle categories

Estimated auto-component industry split by vehicle categories



SOURCE: CRISIL Research

- CRISIL Research expects the share within each vehicle segment to remain structurally constant.

- The government is likely to impose anti-dumping duties on certain components, which will boost the revenue of Indian auto-component manufacturers. Moreover, OEMs are beginning to prefer localized products. CRISIL Research expects the trucking industry to shift gradually towards organized auto-component players, owing to regulatory changes (with respect to engines) and the Goods and Services Tax (GST).

Key growth drivers

- The Indian automobile ancillary sector is transforming itself from a low-volume, highly fragmented sector into a competitive industry, backed by competitive strengths and improving technology.

- The Indian automotive industry is characterized by strong competition between 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.

- However, the industry needs to continue to increase its quality standards and develop new products to compete globally. Typical Research & Development spend of an auto-component manufacturer in India is less than 5% of its total turnover, according to CRISIL Research.

- 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, Visteon and Denso. Additionally, some suppliers are already meeting 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.

- Two-wheeler automakers are introducing new models more frequently than before. CRISIL Research expects this to also help in growing the auto-component industry since the process of manufacturing and designing will change and component manufacturers can demand higher prices.

Impact of Key Trends

BS-VI emission norms on two- and three-wheeler auto component industry

The government proposed BS-VI standards for two- and three-wheelers in February 2016, skipping the BS-V stage. The proposed limits, as stated below, apply to new two-wheeler models and all three-wheeler models. These standards align with Euro 5 limits for these vehicles.

Date	Stage	Type	CO	HC	NMHC	NOx	PM
Two-wheeler vehicles (new models only)							

Date	Stage	Type	CO	HC	NMHC	NOx	PM
20-April	BS-VI	SI	1	0.1	0.068	0.06	0.0045*
		CI	0.5	0.1	0.068	0.09	0.0045
Three-wheeler vehicles (all models)							
20-April	BS-VI	SI	0.44	0.35	-	0.085	-
		CI	0.22	0.1	-	0.1	0.025

NOTE: SI- Spark Ignition, CI- Compression Ignition, CO- carbon oxides, HC- hydrocarbons, NMHC- Non-methane hydrocarbons, NOx- Oxides of nitrogen, PM-Particulate Matter
SOURCE: Government of India, CRISIL Research

BS-VI emission standards include 35,000 km durability and Stage II on-board diagnostics (OBD) requirements. Further, spark ignition vehicles must meet an evaporative emission limit of 1.5 g/test.

The BS-VI regulation also includes emission standards for two-wheelers with spark-ignition engine and Vd ≤ 50 cc and Vmax ≤ 50 km/h. Applicable limits are as follows: (Vd: Engine displacement, Vmax: Maximum displacement speed)

CO = 0.50 g/km

HC = 0.35 g/km

NOx = 0.15 g/km

Safety laws

Manufacturers need to comply with technical standards for vehicle production and performance. Vehicles manufactured in India must comply with relevant Indian standards (IS) and automotive industry standards (AIS). The technical standing committee reviews these regulations periodically. Standards are specified for parts and the complete vehicle to ensure safety of drivers and pedestrians. Once government-approved research and testing agencies verify the vehicle prototype, a compliance certificate has to be obtained before a new model is launched. This certificate is filed with the transport commissioner of each state.

Anti-lock Braking System (ABS)

First introduced by General Motors in 1972, ABS has now made its way onto most modern motorcycles.

The anti-lock braking system essentially constantly monitors the revolution of the wheels with an ECU (Electronic Control Unit). When the computer detects a wheel lock-up, common when braking hard on less than ideal surfaces, it steps in by limiting the braking force the rider exerts by either squeezing the lever or pressing the foot pedal and keeping the wheel spinning. By limiting the maximum force of the braking manoeuvre, ABS systems allow riders to use the greatest stopping force possible without locking the wheels.

ABS technology has been used for high-performance bikes. Now, ABS and combined braking system (CBS) norms will be mandatory for newly launched vehicles from FY2019. CBS will be compulsory for all vehicles below 125 cc and ABS for all vehicles above 125 cc and will be mandatory for all vehicles from FY2020.

Electronic fuel injection

CRISIL Research expects this technology to replace the carburetor, which is responsible for sending the appropriate amount of fuel into the cylinders. EFI systems are incorporated in an ECU which also controls the ignition system, and may control many other functions such as anti-lock brakes, traction control systems, the transmission, etc. EFI systems deliver the correct air fuel ratio to the engine for varying loads, speeds and temperatures. It can precisely vary the amount of fuel and air entering the combustion chamber according to different requirements when idling, accelerating, cruising, etc., based on throttle input. As a result, the quality of combustion is much better, resulting in fewer harmful emissions. When it is combined with a catalytic converter, emissions are reduced by a large margin.

Many of the premium motorcycles currently employ EFI, but the technology will now be used in normal vehicles to optimize their performance.

Semi-automated manual transmission (SMT)

Along the lines of Automated Manual Transmission, or AMT, which is doing well on four-wheelers, TVS developed SMT technology for two-wheelers.

Under the patented technology, a rider can change gears with the aid of a switch or switches. This arrangement will be located on the handlebar of the two-wheeler instead of the conventional gear shift pedal at the foot-peg. The gearshift assembly as described herein provides convenience in gear shifting as the rider does not have to apply much force or make foot movements.

TVS has recently received a patent for the technology and CRISIL Research expects it to be used in its upcoming vehicles.

Ride-by-Wire

On a conventional motorcycle the throttle cables are directly connected to the butterfly throttle valves. Ride-by- wire, on the other hand, involves no direct, physical connection between the twistgrip and the throttle butterflies, rerouting it all through an advanced computer. It provides more power and better efficiency as the inlet gas flows in more easily.

Currently, only high-performance bikes are using the technology.

Projector Headlights

Projector headlights are now being offered in many performance motorcycles. They are more expensive than reflector headlights. They may be introduced for conventional motorcycles in the coming years.

Here, the bulb is housed in a "projector bowl", which reflects the light towards the projector lens. As a result, a sharp beam of light is projected onto the road. The output of a projector lamp is far superior to that of reflectors.

Impact of GST

Following GST rollout, tax on two-wheelers has been segmented depending on engine capacity. The GST rate for bikes and scooters with engine displacement of less than 350 cc is 28%, which is 2% less than the previous rate of 30%. However, those with displacement of over 350 cc will now be paying 31% GST, which is 1% higher than before.

Various manufacturers have released their updated prices after GST implementation. The releases suggest a marginal drop in prices of mass segment two-wheelers; CRISIL Research does not expect this to significantly impact the industry.

GST rates applicable to two-wheeler vehicles

Excise	CST	VAT*	Total pre-GST rate
12.5%	2.0%	13.5%	30.2%
GST rate	Cess	Effective rate	Change
28%	0%	28%	2.2%

* RATES VARY ACROSS STATES

SOURCE: CRISIL Research

Electric and autonomous vehicle trend

- The government's stated intention of allowing sales of only electric vehicles (EVs) by 2030 may have come as a disruptive development for the auto industry, but CRISIL Research believes the shift is inevitable and, indeed, adoption would be visible well ahead of that.

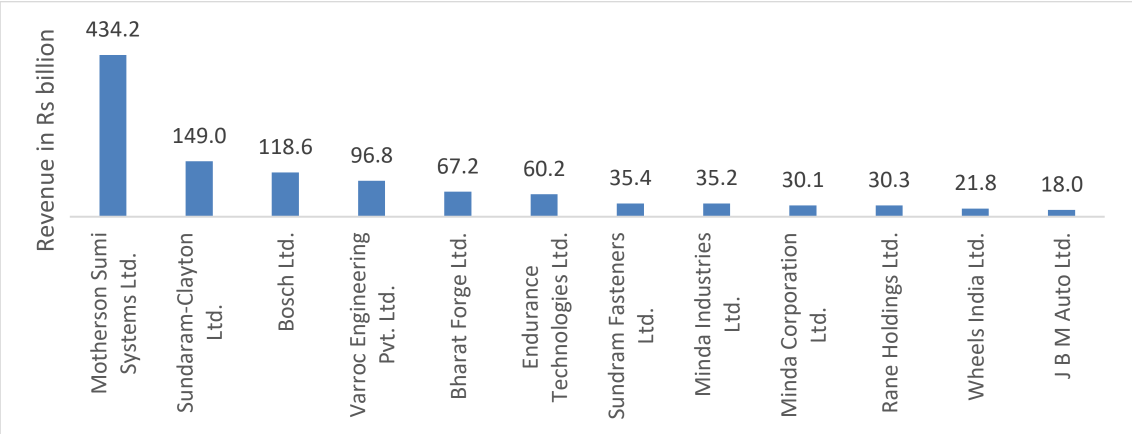
- EV sales as reported by the Society of Manufacturers of Electric Vehicles (SMEV) in FY2017 were a mere 25,000 units (consisting of 23,000 unites of two-wheelers and 2,000 units of four-wheelers, but not taking into account not take into account around 50,000 units of e-rickshaws), down 75% from 100,000 units peak sales in FY2012. However, SMEV has noted that the industry has improved from trough levels hit in FY2015 when sales were only 16,000 units.

- CRISIL Research sees EV adoption coming first in the taxi and three-wheeler segment, followed by two-wheelers and premium cars and buses in the long term. However, in the next three years, i.e. up to FY2020, it does not expect significant growth in the electric space since the policy from the government is not clear and a charging infrastructure is currently not in place.

- CRISIL Research does not expect autonomous vehicles to hit the ground in the medium term, since sensors, which are globally available, are very costly.

Key Auto Component Players

Large companies in the automotive components space with turnover above Rs.20 bn



(Note:
Total income of the players at consolidated level
Sundaram Clayton is the holding company of TVS Motors Ltd. which is into sales of two and three wheelers having a revenue of Rs. 132 bn. Remaining revenue is largely from the auto component space.
Bosch Ltd is a subsidiary of Robert Bosch GmbH (Germany))
SOURCE: CRISIL Research, Annual Reports of the companies referred to above

Leading auto-component players in two- and three-wheeler space

The graph below shows those automotive component companies whose major portion of revenue is from the two-or three-wheeler segment. According to CRISIL Research, Varroc is one of the few companies diversified across several product segments in the two- and three-wheeler space.

Auto component players in two and three-wheeler space	Revenue for FY 2017 in Rs billion
Endurance Technologies	42.9
Sundram Fasteners Ltd.	31.7
S K F India Ltd.	29.2
Amtek Auto Ltd.	19.8
Varroc Engineering Pvt. Ltd.	18.4
Minda Industries Ltd.	16.6
Gabriel India Ltd.	15.3
Munjal Showa Ltd.	14.8

Auto component players in two and three-wheeler space	Revenue for FY 2017 in Rs billion
Varroc Polymer Pvt. Ltd.	13.4
Sona Koyo Steering Systems Ltd.	11.7

(Note:
Total income of the players at standalone level
Varroc Polymer Pvt. Ltd. is a 100% subsidiary of Varroc Engineering Pvt. Ltd.)
SOURCE: CRISIL Research, Annual Reports of the companies referred to above

Market sizing and outlook of auto component sector – by business segment

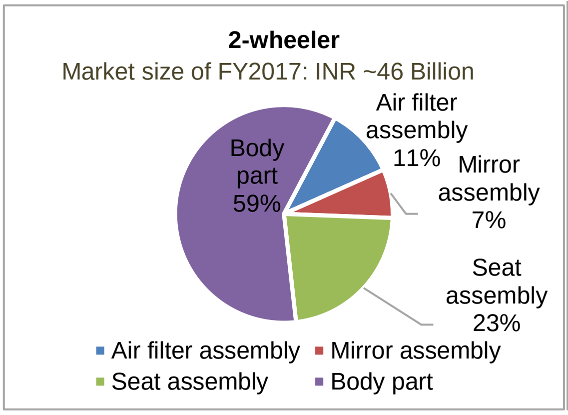
Polymer segment

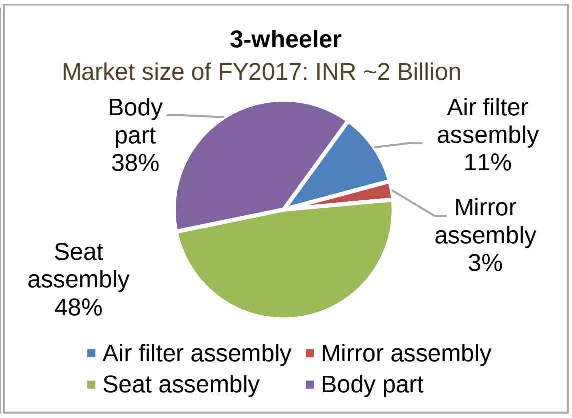
Polymer segment in two- and three-wheeler vehicles consists of air filter assembly, mirror assembly, seat assembly, painted and non-painted body part with the proportion of polymer depending on individual model configuration. For polymer industry market sizing, CRISIL Research has considered air filter assembly, mirror assembly, seat assembly and body parts (painted and non-painted) across the two- and three-wheeler vehicle segment.

CRISIL Research estimates the overall two- and three-wheeler polymer industry to increase at a compound annual growth rate (CAGR) of 19-21%, largely driven by the increase in two- and three-wheeler demand and acrylonitrile butadiene styrene (ABS) prices. Prices of ABS, which is used largely in the auto-component industry, have increased approximately 35% on-year in 2017 owing to a rise in feedstock prices in lockstep with crude prices. CRISIL Research expects ABS prices to be under pressure in coming years due to volatility in butadiene prices.

CRISIL Research estimates the two- and three-wheeler polymer market catering to OEM demand at approximately Rs.47 to Rs.48 billion in FY2017.

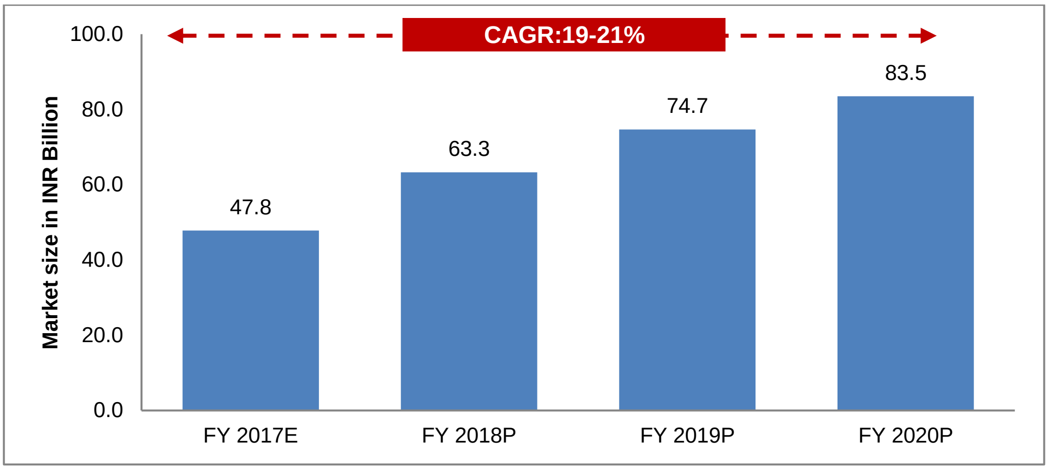
Proportion of auto components within the polymer industry in two- and three-wheelers — FY2017





Source: CRISIL Research

Two- and three-wheeler polymer segment market outlook – FY2017 to FY2020



E: Estimated, P: Projected
Source: CRISIL Research

Key Players in the Polymer segment

- Air filter assembly – according to CRISIL Research, the two- and three-wheeler air filter market has four or five large players catering to OEM demand. According to CRISIL Research, Varroc is one of the leaders in the market. Other key players include Lumax, Mahle Filters and Ranee Polymers.

- Mirror assembly – according to CRISIL Research, the mirror assembly market is dominated by a few large players catering to OEM demand. CRISIL Research notes that Varroc, Fiem Industries and Sandhar Technologies are the leading two- and three-wheeler rear view mirror manufacturers in India.

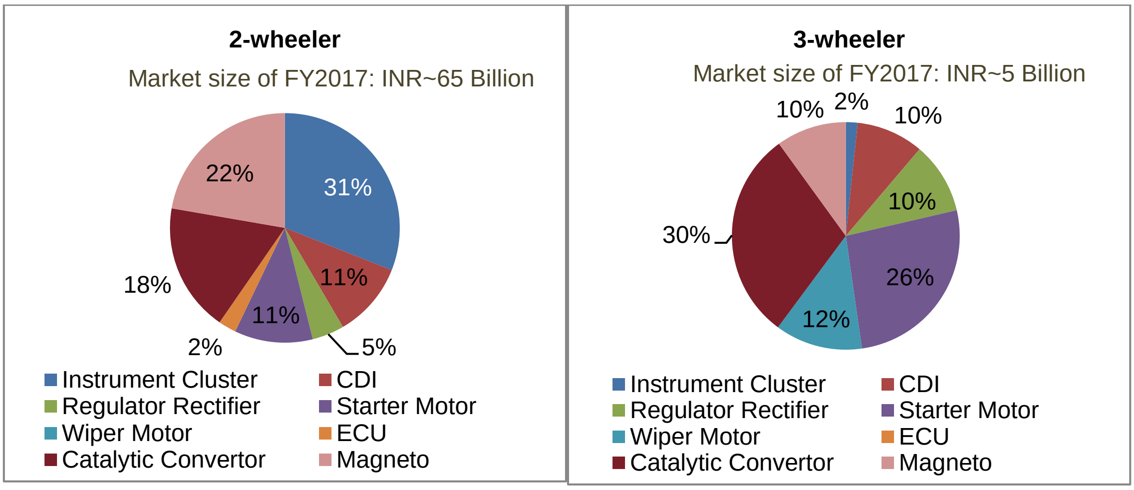
- Seat assembly – CRISIL Research notes that the seat assembly market is dominated by TS Tech, Bharat Seats, Varroc and Meenakshi Polymers which cater to OEM demand.

- Body part assembly – CRISIL Research notes that the market is dominated by four to five large players catering to OEM demand, with Varroc being one of the leading players. Other key players include Fiem Industries, Lumax and Badve Group.

Electrical segment

CRISIL Research considers the electrical segment in two- and three-wheeler vehicles to comprise instrument clusters, capacitor discharge ignition (CDI) systems, regulator and rectifier (RR), starter motors, wiper motors, electronic control units (ECU), catalytic converters, and magnetos.

Proportion of auto components within the electrical industry in two- and three-wheelers – FY2017



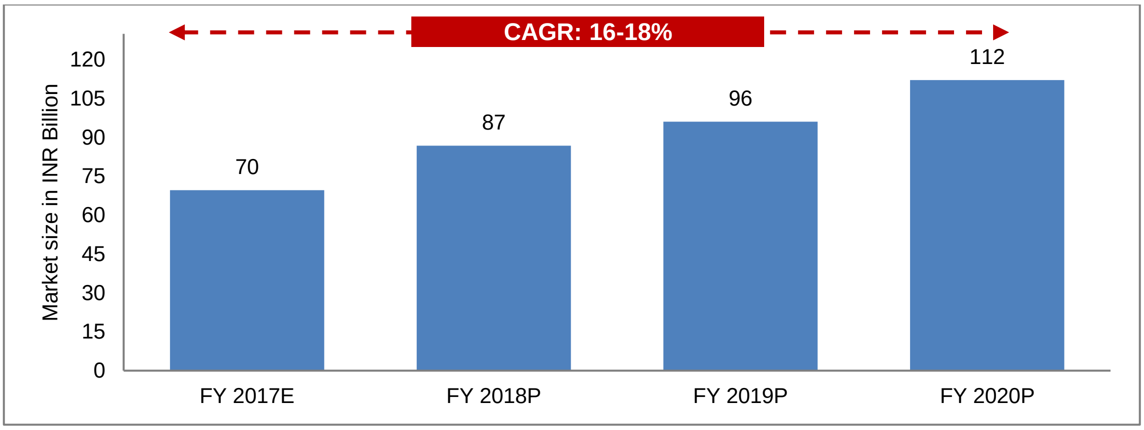
Source: CRISIL Research

- CRISIL Research expects the Electronic control unit (ECU) proportion to rise from the current level up to FY2020 because of the mandatory implementation of anti-lock braking system (ABS).

- Instrument clusters occupies the largest portion in two-wheelers because of the higher cost attributed to two-wheeler vehicles, which have higher sales volumes as compared to three-wheelers, whose per unit cost is less but has lower sales volumes.

CRISIL Research estimated the market size of the two- and three-wheeler electrical segment to be Rs 69-71 billion in FY2017. It expects the segment to record a compound annual growth rate (CAGR) of 16-18% from between FY2017 and FY2020, i.e. Rs 111-113 billion.

Two- and three- wheeler electrical segment market outlook by value – FY 2017 to FY 2020



E: Estimated, P: Projected
Source: CRISIL Research

Key Players in the Electrical Segment

According to CRISIL Research, the key players in the electrical segment catering to OEM demand in the two- and three-wheeler industry are:

- Instrument clusters –JNS Instruments Ltd., Minda Stoneridge Instruments Ltd., Pricol Ltd.

- CDI – Denso India Pvt. Ltd., Napino Auto & Electronics Ltd. and India Nippon Electricals Ltd.

- RR – Chheda Electricals and Electronics Pvt. Ltd., Flash Electronics Pvt. Ltd., Star Engineer Pvt. Ltd., Varroc being the leading two- and three-wheeler RR manufacturers in India.

- Starter motor – Denso India Pvt. Ltd., Ducati Energia India Pvt., Flash Electronics Pvt. Ltd., Lucas TVS Pvt. Ltd. and Mitsuba Sical India Pvt. Ltd., along with Varroc.

- Wiper motors – Flash Electronics Pvt. Ltd., Lucas-TVS Pvt. Ltd. and Varroc.

- ECU – Bosch Automotive Electronics India Pvt. Ltd., Continental Automotive Components (India) Pvt. Ltd., Denso India Pvt. Ltd. and Keihin Fie Pvt. Ltd.

- Catalytic converters – Mark Exhaust Systems Pvt. Ltd. and S.M. Auto Engineering.

- Magneto – Denso India Pvt. Ltd. Flash Electronics Pvt. Ltd. and Mitsuba Sical India Pvt. Ltd. and Varroc.

Engine valve segment

Review

Engine valves present in two- and three-wheeler vehicles are based on the cylinder piston configuration. Typically, two and three-wheeler vehicles have single or double cylinder piston configuration. A single cylinder has two or four engine valves while a double cylinder has four or eight engine valves based on the cylinder capacity (cc) of the individual model. For instance, super premium motorcycles with higher cc generally have a double cylinder configuration.

The two-wheeler industry is dominated by single cylinder engine with approximately 90% share, while the remaining approximately 10% accounts for double cylinder engine. The proportion of single cylinder engine with one inlet and one exhaust outlet, i.e. two valves, is higher than single cylinder engine with two inlets and two exhaust outlets. In three-wheelers, single cylinder engine accounts for 95% share while the remaining 5% is for double cylinder engine. Due to differences in operating temperature ranges, intake valves are made of nickel chromium alloy, whereas exhaust valves are made from silichrome alloy.

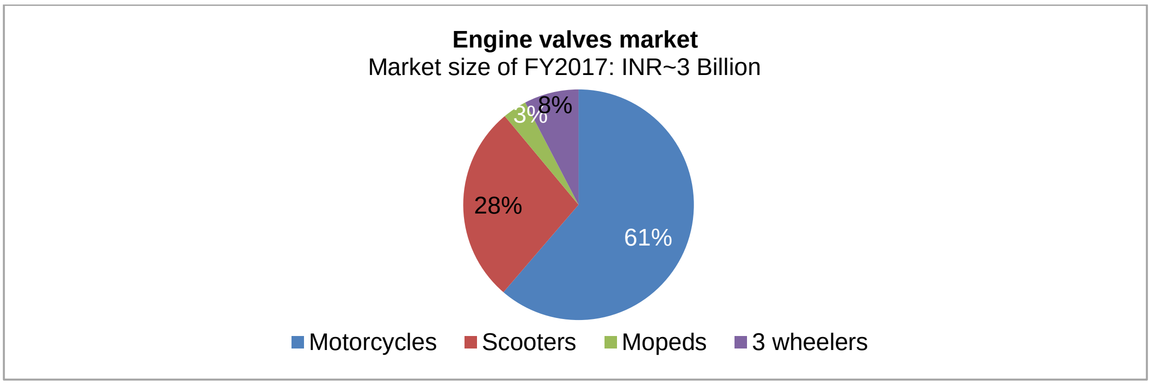
CRISIL Research estimates the two- and three-wheeler engine valve market catering to the OEM demand to be around approximately Rs 3 billion in FY2017. For industry sizing, CRISIL Research has considered solid engine valves for market estimation. Average realization for an engine valve ranges from Rs 40 to Rs 80 per piece, varying across motorcycles, scooters, mopeds and three-wheelers.

Outlook

CRISIL Research notes that demand for engine valves in two and three-wheeler segment is expected to be in line with demand for two and three-wheeler vehicles, with higher growth estimated in the two-wheeler segment. CRISIL Research expects metal prices will remain under pressure due to demand-supply gap. However, manpower, power and fuel, other manufacturing expenses, consumables, and other overhead costs are also expected to exert pressure on prices.

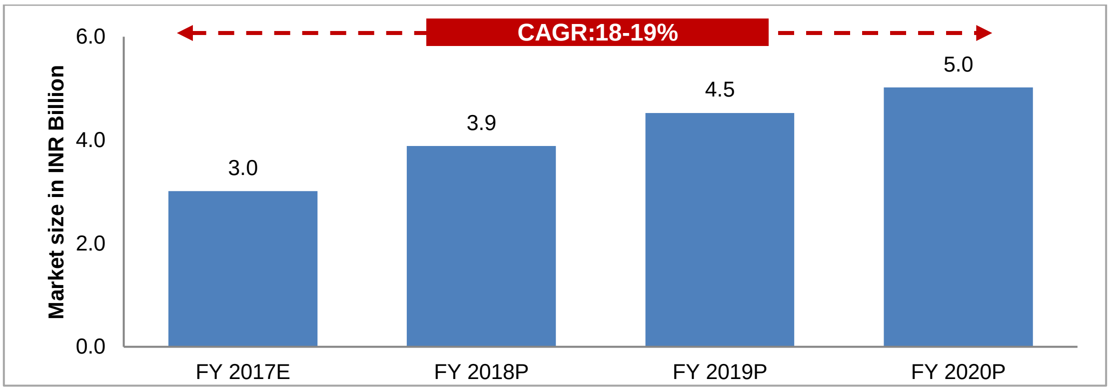
CRISIL Research estimates the two and three-wheeler engine valve market to grow at 18-19% CAGR to approximately Rs. 5 billion by FY 2020. This is because in two and three-wheeler industry, CRISIL Research expects the market to shift towards single cylinder two inlets and two exhaust outlets by FY 2020 as more valves will bring more responsiveness and smoothness in engine.

Two- and three-wheeler engine valve market value mix — FY2017



Source: CRISIL Research

Two- and three-wheeler engine valve outlook in value – FY2017 to FY2020



E: Estimated, P: Projected
Source: CRISIL Research

Key Players in the Engine Valve segment

According to CRISIL Research, the two- and three-wheeler engine valve market has three to four large players catering to OEM demand. According to CRISIL Research, Varroc, along with Rane Engine Valves, Federal Mogul (Goetze) India and Shriram Piston, are key players in the two- and three-wheeler valve industry.

Forged components segment

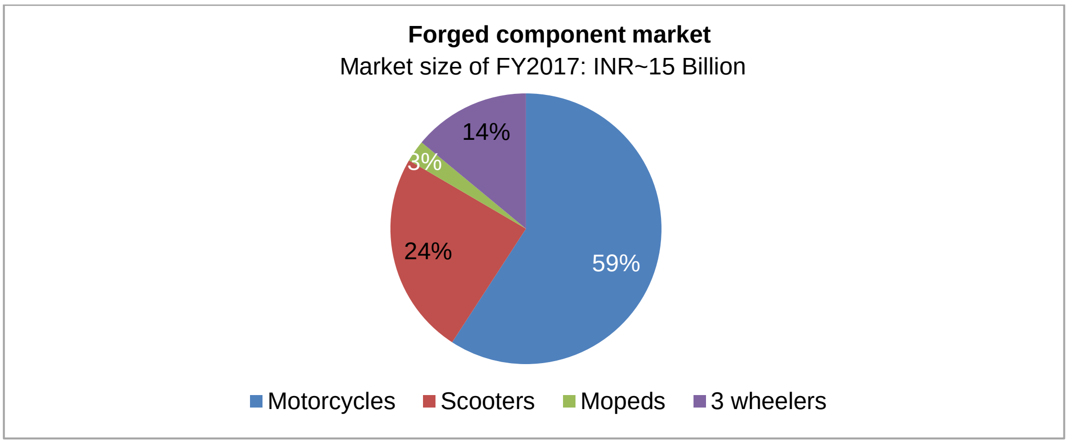
Review

CRISIL Research considers the forged component segment in two- and three-wheeler vehicles to comprise transmission assembly. For industry sizing, CRISIL Research has considered components such as input shaft, output shaft, drive (input) gear, driven (output) gear, bearing, shim, washer, elastic ring, spacer, circlip, washer and bush, as part of two-wheeler transmission assembly. For three-wheelers, components such as main shaft, satellite gears, bubble gears, idler gear, reverse gear, differential gear and five other gears have been considered as part of transmission assembly.

CRISIL Research estimates the two- and three-wheeler transmission assembly market, catering to original equipment manufacturer (OEM) demand, to be around approximately Rs.15 billion in FY2017.

Average realization for a transmission assembly ranges from Rs 400 to Rs 3,000 per piece, varying across motorcycles, scooters, mopeds and three-wheelers. Prices depend on various parameters such, as tensile strength and endurance. The transmission assembly industry is highly technology intensive. Players using better technology can yield higher average realizations. Therefore, Indian auto-component players generally enter into foreign collaborations, to leverage better technology from foreign markets.

Two- and three-wheeler forged component segment market — FY2017



Source: CRISIL Research

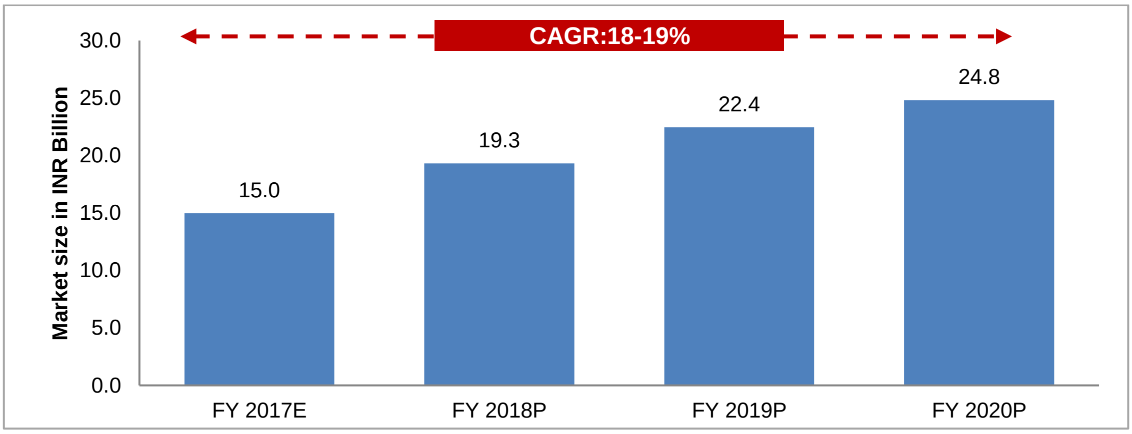
Outlook in the Forged Component segment

CRISIL Research notes that demand for transmission assembly in two and three-wheeler segment is expected to be in line with two and three-wheeler demand, with higher growth estimated in two-wheeler segment. Raw materials such as ferrous (mainly iron and its alloy) and non-ferrous (mainly copper, aluminum, bronze and its alloys) metals are used to manufacture transmission assembly components. CRISIL Research expects metal prices to stabilise in next two FYs, due to demand-supply gap. However, manpower, power and fuel, other manufacturing expenses, consumables and myriad overhead costs are expected to exert pressure on prices.

Transmission assembly manufacturers are strongly driven to produce quality products of high tensile strength, high endurance and lower friction; to this end, they focus on new processes in line with technological advancements. High-priority areas include complying with pollution norms and other regulations, as well as cost reduction. Corporate Average Fuel Economy (CAFÉ) regulations call for increase in fuel efficiency by improving quality of transmission components on a continuous basis. Moreover, BS-VI will also bring in significant changes in transmission assembly components, which will help increase realisations. However, as BS-VI will be implemented only in FY 2021, it will not impact growth in next three fiscals.

CRISIL Research estimates the two and three-wheeler engine valve market to grow at CAGR of 18–19% to Rs 24–26 billion by FY 2020.

Two- and three-wheeler forged component segment outlook – FY 2017 till FY 2020



E: Estimated, P: Projected
Source: CRISIL Research

Key players in the Forged Component segment

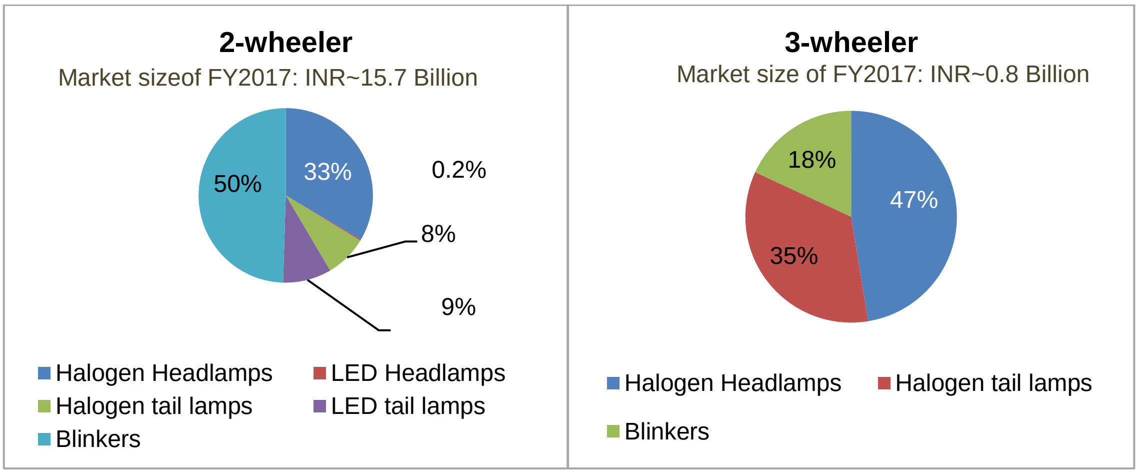
According to CRISIL Research, key players in the two- and three-wheeler forged component segment include Varroc, Hi-Tech Gears, Musashi Auto Parts and Sundaram Fasteners.

Lighting segment

Lighting is a vital component in any automotive vehicle and plays an important role in the safety of the vehicle, its occupants and road-users. It provides illumination for drivers and pedestrians on the road to detect the vehicle's position, direction of movement and size. It also enhances the aesthetic appeal of the vehicle.

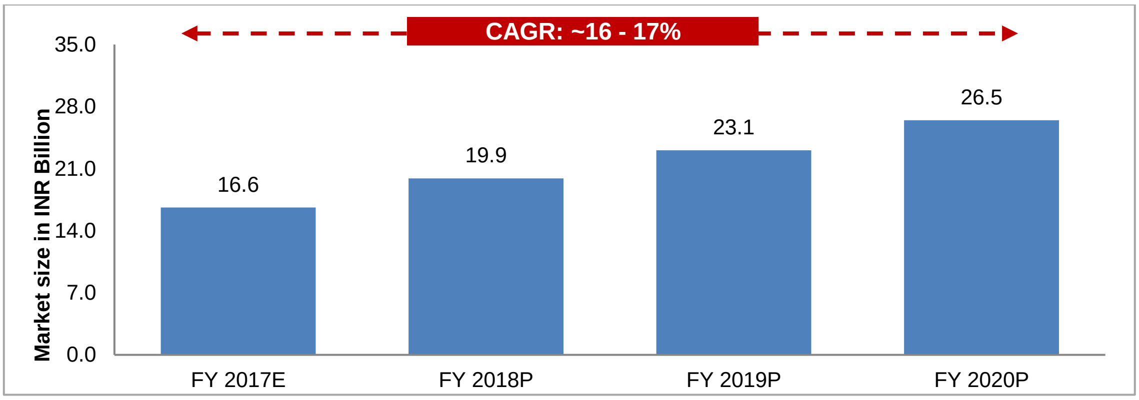
The lighting segment in two- and three-wheeler vehicles consists of lighting and signaling devices that are placed at the front, rear and side of the vehicle. To determine the industry's size, CRISIL Research has considered halogen and LED headlamps, halogen and LED tail lamps, front and rear blinkers for two- and three-wheeler vehicles, depending on individual model configuration. Growth of the Indian two- and three-wheeler automotive industry is influenced by factors such as increased sales, new national regulations, increased focus on safety and demand for energy-efficient lighting. CRISIL Research estimates the two- and three-wheeler lighting segment to have a CAGR of 16-17%, i.e. from around Rs 16.6 billion in FY2017 to around Rs 19.9 billion, Rs 23.1 billion and Rs 26.5 billion in FY2018, FY2019 and FY2020, respectively.

Two- and three-wheeler lighting segment market – FY2017



SOURCE: CRISIL Research

Two- and three-wheeler lighting segment market outlook – FY 2017 till FY 2020



E: Estimated, P: Projected
SOURCE: CRISIL Research

Key players in the Lighting segment

According to CRISIL Research, the key players in the lighting segment catering to OEM demand in the two- and three-wheeler industry are:

- Head Lamps – Varroc is one of the leaders in the head lamp industry across vehicle segments. Other key players include Fiem Industries, Lumax and Rinder India Pvt. Ltd. (which was acquired by Minda Group in 2016).

- Tail Lamps – Key players in the tail lamp segment include Fiem Industries, Lumax and Rinder India Pvt Ltd. and Varroc Group.

- Blinker - Key players in the blinker industry include Fiem Industries, Lumax and Rinder India Pvt Ltd. and Varroc Group.

OUR BUSINESS

The following description of our business should be read together with our restated consolidated financial information as at and for the nine months ended December 31, 2017 the fiscal years ended March 31, 2017, 2016 and 2015 and fiscal years 2014 and 2013 including the notes thereto and reports thereon, each included in this Draft Red Herring Prospectus. Our restated financial information in respect of the nine-months ended December 31, 2017 and the fiscal years ended March 31, 2017, 2016 and 2015 included in this Draft Red Herring Prospectus is prepared taking Ind AS as the base, in accordance with requirements of the Companies Act, 2013, as amended, and our financial information in respect of the fiscal years ended March 31, 2014 and 2013 included in this Draft Red Herring Prospectus is prepared taking Indian GAAP as the base, in accordance with the requirements of the SEBI Transitional Ind AS Circular and the Companies Act, 2013, as amended, and restated in accordance with the SEBI ICDR Regulations. Ind AS and Indian GAAP differ in certain material respects from IFRS, U.S. GAAP and GAAP in other countries. Accordingly, the degree to which our financial information will provide meaningful information to a prospective investor in countries other than India is entirely dependent on the reader's level of familiarity with Ind AS and Indian GAAP. In addition, given that Ind AS is different in many respects from Indian GAAP under which our restated financial information for fiscal years ended March 2014 and 2013 have been prepared, and hence our Ind AS restated financial information for the period commencing from April 1, 2014 may not be comparable to our Indian GAAP restated financial information for fiscal years ended March 2014 and 2013.

References herein to "we", "our" and "us" are to Varroc Engineering Limited together with its subsidiaries and, as the context requires, joint ventures. The discussion below may contain forward-looking statements and reflects our current views with respect to future events and financial performance, which are subject to numerous risks and uncertainties. Actual results may differ materially from those anticipated in these forward-looking statements. As such, you should also read "Risk Factors" and "Forward Looking Statements" beginning on pages 19 and 17 of this Draft Red Herring Prospectus, respectively, which discuss a number of factors and contingencies that could affect our financial condition and results of operations.

Our fiscal year ends on March 31 of each year. Accordingly, all references to a particular fiscal year, or "FY", are to the 12 months ended March 31 of that year and all references to 9M FY2018 are to the nine months ended December 31, 2017.

Industry and market data used in this section have been extracted from the Reports. For further details and risks in relation to commissioned reports, see "Risk Factors – We are not able to guarantee the accuracy of third party information" beginning on page 44 and "Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation" beginning on page 14 of this Draft Red Herring Prospectus, respectively.

Overview

We are a global tier-1 (tier-1 companies are companies that directly supply to original equipment manufacturers ("**OEMs**")) automotive component group. We design, manufacture and supply exterior lighting systems, plastic and polymer components, electricals-electronics components, and precision metallic components to passenger car, commercial vehicle, two-wheeler, three-wheeler and off highway vehicle ("**OHV**") OEMs directly worldwide. We are the second largest Indian auto component group (by consolidated revenue for FY2017) (*Source: CRISIL Research*) and a leading tier-1 manufacturer and supplier to Indian two-wheeler and three-wheeler OEMs (by consolidated revenue for FY2017) (*Source: CRISIL Research*). We are the sixth-largest global exterior automotive lighting manufacturer and one of the top three independent exterior lighting players (by market share in 2016) (*Source: Yole*). From FY2015 to FY2017 we had a compound annual growth rate ("**CAGR**") of 17.57% in terms of revenue.

We commenced operations with our polymer business in 1990. We initially grew organically in India by adding new business lines, such as our electrical division and metallic division. Subsequently, we diversified our product offerings and expanded our production capacity through various investments, joint ventures and acquisitions. Our acquisitions most notably included our 2012 acquisition of Visteon's global lighting business, now known as Varroc Lighting Systems. Prior to the acquisition of Visteon's global lighting business, in 2007 we acquired I.M.E.S (a manufacturer of hot steel forged parts for the construction and oil and gas industries) in Italy and in 2011 we acquired Triom (a manufacturer of high end lighting systems for global motorcycle OEMs) with operations in Italy, Romania and Vietnam. In 2013, we expanded our global lighting business by acquiring Visteon's holding in a 50/50 joint venture with Beste Motor Co. Ltd. ("**TYC**") to manufacture automotive lighting in China, namely Varroc TYC (which wholly owns Varroc TYC Auto Lamps, which in turn wholly owns Varroc TYC Auto Lamps (CQ) (our "**China JV**"). On February 13, 2018, we entered into a joint venture with Dell'Orto S.p.A., one of our customers, in India, for the development of electronic fuel injection control systems for two-wheelers and three-wheelers. We have also expanded our manufacturing and R&D footprint by investing in nine manufacturing plants and an additional R&D center in India since 2012. We continue to expand our manufacturing and R&D footprint, and intend to set up one manufacturing facility in Brazil and one manufacturing facility in Morocco, as well as two manufacturing facilities in India. We intend to continue to improve our manufacturing processes and systems, as well as invest in new technology areas to further expand our business. Our goal is to bring leading technologies to the mainstream markets with high quality, cost competitive solutions. We strive to do this with speed, agility and creativity by delivering customized solutions with quality service, while fostering an environment that empowers employees and encourages the pursuit of excellence. We consider our core values of sincerity, humility, integrity, passion and self-discipline as essential to continue to grow our business.

We have end-to-end capabilities across design, R&D, engineering, testing, manufacturing and supply of various products across our business. We have two primary business lines, namely (i) the design, manufacture and supply of exterior lighting systems to passenger cars OEMs worldwide (our "**Global Lighting Business**"), which we undertake through our subsidiaries forming part of the VLS group and (ii) the design, manufacture and supply of a wide range of auto components in India (our "**India Business**"), primarily to two-wheeler and three-wheeler OEMs, including exports. Our India Business offers a diversified set of products across three product lines, namely polymers/plastics, electrical/electronics and metallic components. In addition, we have other smaller businesses, which include the design, manufacture and supply of two-wheeler lighting to global OEMs, and under carriage forged machine components for OHVs and drill bits for the oil and gas sector (our "**Other Businesses**"). For FY2017, our consolidated revenue from operations was ₹96.1 billion with ₹61.2 billion from our Global Lighting Business, ₹31.7 billion from our India Business (₹14.8 billion for polymers/plastics, ₹9.0 billion from electrical/electronics/lighting, ₹5.4 billion for metallic components and the remainder from other sources) and ₹3.2 billion from our Other Businesses. For 9M FY2018, our consolidated revenue from operations was ₹73.9 billion with ₹44.3 billion from our Global Lighting Business, ₹26.6 billion from our India Business (₹12.2 billion for polymers/plastics, ₹7.7 billion for electrical/electronics/lighting, ₹4.8 billion for metallic components and the remainder from other sources) and ₹3.0 billion from our Other Businesses.

We have a global footprint of 36 manufacturing facilities spread across seven countries, with six facilities for our Global Lighting Business, 25 for our India Business and five for our Other Businesses. Given our global presence, our revenue stream is diversified both geographically as well as across customers. In FY2017, our largest customer contributed 17.0% of our total invoiced amounts (19.5% in 9M FY2018) and our top five customers contributed 64.5% of our total invoiced amounts (61.7% in 9M FY2018). We received 36.6% of our revenue in FY2017 from customers in Europe (39.8% in 9M FY2018), 32.7% from customers in India (35.7% in 9M FY2018), 20.4% from customers in the United States of America (17.0% in 9M FY2018), 0.6% from customers in the Asia Pacific region (0.6% in 9M FY2018) (excluding India and our China JV, which we account for via the equity method), and 9.7% from customers in other geographies (6.8% in 9M FY2018).

For our Global Lighting Business, our manufacturing facilities are located in Mexico, the Czech Republic, China (through our China JV) and India, allowing us to serve the North American, European, Chinese and Indian markets, respectively. These markets together accounted for more than 80% of the passenger car and light commercial vehicle ("**LCV**") sales by volume in 2016 (*Source: Yole*). VLS is in the process of setting up a new plant in Brazil, to serve the South American market, and Morocco, to serve the southern European and north African markets. We anticipate that our plants in Brazil and Morocco will commence production in FY2019. We are in discussions to acquire an exterior automotive lighting company in Turkey in FY2019. By locating its manufacturing facilities in comparatively lower cost countries, VLS is able to provide customers with lighting systems in a cost efficient manner. VLS has a diversified customer base across nearly all major automotive markets in the world, except Japan and Korea. VLS has long-term relationships with marquee auto manufacturers across the premium, mid-range and mass market pricing spectrum, including Ford, Jaguar Land Rover, the Volkswagen Group (the "**VW Group**"), Renault-Nissan-Mitsubishi, Groupe PSA, FCA, a European multinational car manufacturer and an American electric car manufacturer. VLS has a broad portfolio of lighting products, including Halogen, Xenon/high-intensity discharge, light-emitting diode ("**LED**"), Matrix LED, high definition Micro-Electro-Mechanical Systems ("**MEMS**") and digital micromirror device ("**DMD**"), surface LED, organic light-emitting diode ("**OLED**") module, Flex LED, LED pixel and LED pixel headlamp, catering to the five product segments within external automotive lighting. VLS has sales offices in France, Germany and the United Kingdom and is headquartered in Plymouth, Michigan (United States of America).

Within our India Business, we have 25 manufacturing facilities and five R&D centers spread across India. Our Indian manufacturing and distribution footprint is strategically located across key Indian automotive hubs, allowing us to be close to our customers and helping to ensure cost efficiency. We have a long-standing relationship with Bajaj Auto Ltd ("**Bajaj**"), a leading two-wheeler manufacturer, which has been our customer for the past 28 years and to whom we have been providing components across our product lines. Our other key two-wheeler customers in India include Honda, Royal Enfield, Yamaha, Suzuki and Hero. We also export to global two-wheeler manufacturers from our facilities in India, namely KTM and Volvo. Our India Business is headquartered in Aurangabad, Maharashtra, India. We also have an office in Pune and we have sales offices at Pune, Gurgaon and Japan.

We are continually honing our in-house R&D and engineering capabilities at our Global Lighting Business to capitalize on industry trends, including in particular moves towards emission reduction, autonomous driving, electrification, shared mobility and connectivity. We differentiate ourselves by focusing on the low cost development of advanced technologies, thereby delivering high quality, cost competitive solutions for our customers. Most of our R&D centers are located in low-cost geographies, which we believe will give us a growing competitive advantage as the technology content of our products continues to increase. As of December 31, 2017, our Global Lighting Business has approximately 900 engineers located in nine R&D centers, which are located in the Czech Republic, India, China (through our China JV), Mexico, Germany and the United States of America. We have a new R&D facility which started operations in 2018 in Poland. Our engineering teams work closely with our customers to develop new products and technologies. Our Global Lighting Business had 184 patents as of December 31, 2017.

Our R&D efforts at our India Business 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 multi point fuel injection. In particular, the Ministry of Road Transport and Highways, India has mandated the adoption of the Bharat Stage VI ("**BS VI**") emission standards by April 1, 2020, as part of which two and three-wheelers in India are expected to introduce electronic fuel injection systems and on February 13, 2018, we signed a joint venture agreement with Dell'Orto, S.p.A. for such development. We have already begun engaging with our customers to provide electronic fuel injection systems starting from 2020. We develop our own electronics, control and software, and as on December 31, 2017, have filed 14 applications with the Controller General of Patents, Designs and Trade Marks in India and two applications with the World Intellectual Property Organisation for 16 patents which are in various stages of grant. The 16 pending applications relate to, among other things, electrical-electronics, polymer, metallic, lighting and polymer-related products. Our India Business has 452 engineers located in five R&D centers, which are located in Pune and Aurangabad in India.

Our revenue for FY 2015, FY 2016, FY 2017 and 9M FY 2018 was ₹69,507.70 million, ₹82,189.00 million, ₹96,085.40 million and ₹73,939.01 million, respectively, and our earnings before interest, taxes, depreciation and amortization ("**EBITDA**") before exceptional items was ₹7,045.73 million, ₹5.915.65 million, ₹6,754.84 million and ₹6547.85 million, respectively. For 9M FY2018, our annualised return on average equity ("**RoE**") was 17.1% and our annualised return on capital employed ("**RoCE**") was 15.5%. Our net debt to equity ratio as of December 31, 2017 was 0.54. As of September 2017, our long term credit facilities are rated [ICRA] AA- (stable) and short term credit facilities are rated [ICRA] A1+ by ICRA Limited (the limits covered are ₹9,050 million bank lines, ₹1,000 million commercial paper program and ₹1,000 million non-convertible debentures).

Our Strengths

We believe that the following are our primary strengths:

Strong competitive position in attractive growing markets

Global Lighting Business

Our Global Lighting Business, which focuses on the design, manufacture and supply of exterior lighting for passenger vehicles, is the sixth-largest tier-1 automotive exterior lighting manufacturer globally and one of the top three independent exterior lighting players (by market share in 2016) (*Source: Yole*). Globally, the exterior lighting market for passenger vehicles has grown at a CAGR of 4.5% between 2011 and 2016 in terms of revenue, outpacing the CAGR of 3.8% in the overall market for passenger vehicles for the same period. The growth in the market is largely on account of (i) lighting becoming an increasingly prominent design and aesthetic feature in passenger vehicles, (ii) lighting playing a critical role in safety requirements and (iii) lighting technologies playing a greater role in energy efficiency and increased functionality, which together have led to higher penetration of more expensive and higher end lamps, such as LEDs, across car segments.

VLS has outperformed the overall passenger vehicle exterior lighting market. Having grown at a CAGR of 18.02% FY2014 (Indian GAAP) to FY2017 (Ind AS) in terms of revenue (including our China JV's 50% share) in terms of revenue, VLS was the fastest-growing among the top six global automotive lighting suppliers during the period from 2014 to 2016 (*Source: Yole*). We believe VLS' growth is the result of growing our share of business with existing customers, winning new customer contracts, geographical expansion and the development of more technologically sophisticated products. For a description of industry trends in the automotive exterior lighting market, see "*Industry Overview*" beginning on page 129 of this Draft Red Herring Prospectus.

VLS seeks to capitalize on future growth in the passenger vehicle exterior lighting market. VLS has strategically positioned itself to benefit from the integration of more sophisticated technology in the automotive exterior lighting products, such as cameras, sensors, radars, and lidars, as it has the required R&D and engineering capabilities to accommodate the increasing importance of, and industry movement towards, software integration. VLS also brings to the market new technologies such as surface LED, 3D lighting, Adaptive Front Lighting Systems, Matrix LED, and Laser, which are higher margin as well as higher growth products and which Yole expects to continue to grow given the market's gradual transition to electric and autonomous vehicles. VLS is at an advantage to capture anticipated growth in demand for LED lighting and electric vehicles (*Source: Yole*). We seek to do this on account of our strong portfolio of LED lighting products and relationships with manufacturers of electric cars as well as its strong R&D and engineering capabilities. For further details see "-R&D Centers" beginning on page 209 of this Draft Red Herring Prospectus.

VLS' global footprint covers nearly all major passenger vehicle markets globally, including high growth markets such as China (through our China JV) and India. We expect our new plants in Morocco and Brazil to be completed in FY2019, following which VLS will be in a position to target 85% of the global automotive market. We are in discussions to acquire an exterior automotive lighting company in Turkey in FY2019.

India Business

We are the second largest Indian auto component group (by consolidated revenue for FY2017 (*Source: CRISIL Research*) and a leading tier-1 manufacturer and supplier to Indian two-wheeler and three-wheeler OEMs (by consolidated revenue for FY2017 (*Source: CRISIL Research*). We have strong and long-lasting relationships with key two-wheeler manufacturers such as Bajaj, Royal Enfield, Honda, Yamaha and Suzuki and a growing portfolio of products supplied. We are positioned to capture further business from these customers, in addition to generating further business in the Indian two-wheeler and three-wheeler markets more generally, particularly from within the Indian scooter and motorcycle markets, from both existing and new customers. The Indian two-wheeler market is one of the largest in the world (*Source: CRISIL Research*) and has grown at a CAGR of 6.3% over FY2013 to FY2017 (*Source: CRISIL Research*), and it is expected that the Indian two-wheeler market will grow at a CAGR of 8-10% over FY2017 to FY2020 (*Source: CRISIL Research*), in each case in terms of domestic sales. This projected growth is due to anticipated increases in demand both domestically and internationally in the two-wheeler segment, supported by factors such as a low penetration rate, a growing economy as well as strong export potential to OEMs outside India in other key two-wheeler markets and the three-wheeler segment.

Strong, long-standing customer relationships

We have strong, long-standing relationships with many of our customers. For example, in our Global Lighting Business, we have had a relationship with a large British car manufacturer since 2006. In our Indian Business, our longest-standing relationship is with Bajaj, who has been our customer since 1990 and whom we supply a wide variety of components. Our relationships with seven of our top 10 customers have lasted longer than 10 years. While we have many key customers who have been with us for a long time, we nevertheless have a diversified customer base and continue to add new customers, such as Renault-Nissan-Mitsubishi, Volvo, a Spanish automobile manufacturer and a German automobile manufacturer. Newly added customers for FY2018 and FY2019 include Dell'Orto S.p.A and Tata Cummins. In FY2017, we had only four customers who exceeded 10% of our consolidated revenue from operations individually, with our largest customer contributing 17% of our total invoiced amounts. Moreover, both our Global Lighting Business and our India Business are diversified across customers, with our top three customers for our Global Lighting Business accounting for 37.8% of our total invoiced amounts and our top three customers for our India Business accounting for 22.5% of our total invoiced amounts. Total invoiced amounts are different from our consolidated total revenue from operations.

Our Global Lighting Business' customers include marquee auto manufacturers across the premium, mid-range and mass market pricing spectrum, including Ford, Jaguar Land Rover, FCA, Groupe PSA, the VW Group, a European multinational car manufacturer and an American electric car manufacturer. Our extensive, low cost manufacturing footprint (see "*Low cost, strategically located manufacturing and design footprint*" which begins on page 185 of this Draft Red Herring Prospectus) allows us to act as a global platform for our lighting customers. For example, we supply goods to Ford in Europe, North America, South America and Russia. This global capability strengthens our customer relationships and makes us more likely to win key contracts, as many manufacturers look for vendors with supply chain capabilities across geographies. VLS' strong customer relationships are reflected in the fact that from FY2014 to FY2017 it increased the number of customers to whom it invoices over €5 million per year from seven to eleven.

Our Indian Business' customers include nearly all the major two-wheeler and three-wheeler OEMs, including Bajaj, Royal Enfield, Yamaha, Suzuki, Honda, Hero, Piaggio and Harley Davidson. The growing revenue that we have experienced with numerous customers, including Royal Enfield, Yamaha, Suzuki and Honda is indicative of our strong relationship with our customers. Moreover, we have further room to grow our revenue with new customers, such as Hero, who currently purchases only plastic and painted parts from us. Our customers have provided us with numerous awards, which are described below in "*Awards*" beginning on page 216 of this Draft Red Herring Prospectus.

We are continually working with customers on value engineering projects for product cost optimisation, and the savings from these projects are shared with our customers. For example, we are developing light weighting and high craftsmanship seating for Bajaj, metal to plastic conversion for Royal Enfield, and weight reduction of seats and plastics for Honda and Yamaha. Moreover, liaising with our key customers in relation to the specifications of new product developments strengthens our relationship with these customers and results in increased customer dependence on us. For example, we have technology partnerships with an American multinational car manufacturer, through which we are utilising common modules to deliver cutting edge matrix and laser technology to them, such as matrix headlamps and cross-carline matrix and laser modules.

Comprehensive product portfolio

We have a comprehensive portfolio of products in the markets in which we operate, which allows us to be a one-stop-shop for our customers and to cross-sell our products. Our Global Lighting Business has a broad portfolio of lighting technologies, including Halogen, Xenon/high-intensity discharge, LED, Matrix LED, high definition MEMS and DMD, surface LED and OLED module, Flex LED and LED Pixel headlamp, covering the five automotive external lighting product lines. Our India Business offers a diverse range of products catering to two-wheelers, three-wheelers, passenger vehicles, commercial vehicles and off-highway vehicles across our business segments of polymers/plastics, electrical-electronics and precision metallic components. Our comprehensive product portfolio is engine agnostic as it is capable of being used across all fuel types. Given that we offer products for use in a variety of vehicle types, our revenue is diversified across market segments, with 66.9% and 61.8% of our consolidated total invoiced amounts for FY2017 and 9M FY2018 attributable to four-wheelers, 31.1% and 35.3% to two-wheelers and three-wheelers and 2.1% and 2.9% to others, respectively. Moreover, we are a supplier of external lighting systems to a leading electric vehicle manufacturer.

In order to increase our share of business with customers, we typically enter into a new customer relationship with one particular product line, seeking to demonstrate the quality and cost efficiency of our products and services and then strengthen our relationship by expanding into other product segments. This allows us to grow our overall business and become their supplier of choice across segments. This strategy has allowed us to deepen our relationships with customers, as well as offer more product segments per customer, as demonstrated by our over EUR 34.0 million in annual sales in FY2017 of rear lamps and related components and over EUR 14.0 million in annual sales of head lamps to a large European car manufacturer.

Our strength in our product portfolio is shown by the fact that we have significant presence and significant customer relationships in each of our product segments. By way of example, in our Global Lighting Business, we are leaders in the electric vehicles market having the second largest share (*Source: Yole*). In our India Business, across verticals, we have 56 customers in our Polymer segment, 20 customers in our Electrical segment and 58 customers in our Metallic segment.

Low cost, strategically located manufacturing and design footprint

We have a global footprint of 36 manufacturing facilities spread across seven countries, with six facilities for our Global Lighting Business, 25 for our India Business and five for our Other Businesses. Given our global presence, our revenue stream is diversified both geographically as well as across customers. In FY2017, our largest customer contributed 17.0% of our total invoiced amounts (19.5% in 9M FY2018) and our top five customers contributed 64.5% of our total invoiced amounts (61.7% in 9M FY2018). We had 36.6% of our revenue in FY2017 from customers in Europe (39.8% in 9M FY2018), 32.7% from customers in India (35.7% in 9M FY2018), 20.4% from customers in the United States of America (17.0% in 9M FY2018), 0.6% from customers in the Asia Pacific region (0.6% in 9M FY2018) (excluding India and our China JV, which we account for via the equity method), and 9.7% from customers elsewhere (6.8% in 9M FY2018).

For our Global Lighting Business, we have global production, engineering and customer support capabilities, focused on quality, cost and delivery. In order to achieve these goals, we locate our facilities primarily in low-cost countries near major automotive markets and we have made further investments to expand into new countries such as Brazil and Morocco, which allow us to keep costs low while meeting our customers' supply needs across geographies. In line with this strategy, we are in discussions to acquire an exterior automotive lighting company in Turkey in FY2019.

For our India Business, our facilities are spread across the key Indian automotive hubs, covering the polymer, electrical/electronics and metallic divisions and including our R&D centers. We focus on flexibility in our manufacturing operations, seeking to align our manufacturing capabilities closely to our customers' demands while simultaneously managing costs. Accordingly, we locate our Indian facilities to be in close proximity to major OEMs in India, which leads to greater cost effectiveness, quicker product launches, and faster turn-around times, allowing us to serve our customers' needs in a timely manner. This positioning gives us a competitive advantage over other market players who cater to their customers from less distributed manufacturing bases and hence incur heavy transportation costs. At the same time, we are careful to prevent fragmentation of our manufacturing base network by utilising warehouse space in close proximity to our customers to ensure timely supplies and to avoid the unnecessary capital expenditure we would incur from setting up facilities with sub-optimal capacities. We also limit the number of manufacturing locations to maximize economies of scale and save substantial amounts in capital expenditure. Furthermore, this, as well as the close proximity of the seven warehouses utilized by us to our customer hubs, enables us to mitigate the additional costs of transportation.

In 9M FY2018, FY2017, FY2016 and FY2015, our R&D costs were ₹3,171.51 million, ₹3,636.73 million, ₹2,445.44 million and ₹2,513.56 million, respectively, which represented 4.29%, 3.78%, 2.98% and 3.62% of our revenue, respectively.

Further, we have a strong position from a costs perspective, as we have developed footprints in countries with low labour costs (such as in Mexico or the Czech Republic), thus benefiting from low cost engineering compared to the average engineering cost in European countries. For example, the average hourly labor cost in the Czech Republic in 2016 was just $12.07 (*Source: Yole*), which was well below the EU average of $29.97.

Robust in-house technology, innovation and R&D capabilities

Our key focus is on the development of in-house R&D capabilities in order to manufacture technologically advanced automotive components in cost-effective ways so that sophisticated technological solutions are made accessible to the larger mass markets. Technology capability is essential for automotive component manufacturers to remain competitive in the future, especially with global trends regarding restrictions on emission volumes, as well as other trends such as, autonomous driving, electrification, shared mobility and connectivity. Our R&D teams are focused on quick adoption of technology, enabling us to grow our product portfolio in line with customer expectations and industry developments.

For our Global Lighting Business, we focus our R&D efforts on designing and developing products and technology solutions that are capable of being adopted by our customers across large product platforms. For example, we developed a Matrix LED and Laser Headlamp for two new models of a British car manufacturer, following receipt of specifications from the manufacturer. Most of our R&D centers are located in low-cost geographies, such as India, the Czech Republic, Poland and Mexico, which, as the technology content of our products is increasing, we believe will give us a growing competitive advantage. Our Global Lighting Business has approximately 900 engineers located in nine R&D centers, which are located in the Czech Republic, India, China (through our China JV), Mexico, Germany and the United States of America. We have a new R&D facility which started operations in 2018 in Poland. Our R&D focus has allowed us to establish a presence in key emerging technologies (such as LED) as well as a broad portfolio of headlamp technologies (such as matrix LED and laser), and to supply products for electric vehicles. Our Global Lighting Business had 184 patents as of December 31, 2017.

Our R&D efforts at our India Business seek to capitalize on emerging trends such as the increased use of electronics, stricter environmental regulations, emission reduction and light-weighting of vehicles, as well as the emergence of new technologies such as multi-point fuel injection. For example, we have invested in the development of Mucell Technology (which we are using for the purpose of reducing product weight), and we are also developing products focusing on craftsmanship, noise vibration and harshness, comfort and safety compliance. Moreover, the Ministry of Road Transport and Highways, India has mandated the adoption of the BS VI emission standards by April 1, 2020, as part of which two and three-wheelers in India are expected to introduce electronic fuel injection systems. We have already begun engaging with our customers to provide electronic fuel injection systems starting from 2020, and on February 13, 2018, we signed a joint venture agreement with Dell'Orto, S.p.A. for such development. We develop our own electronics, control and software, and as at December 31, 2017 have filed 14 applications with the Controller General of Patents, Designs and Trade Marks in India and two applications with the World Intellectual Property Organisation for 16 patents which are at various stages of the application process. The 16 pending applications relate to, among other things, electrical-electronics, polymer, metallic, lighting and polymer-related products. We have 452 engineers located in five R&D centers, which are located in Pune and Aurangabad, in India.

Consistent track record of growth and operational and financial efficiency

We commenced operations with our polymer business in 1990, which was founded in Aurangabad, Maharashtra, India by Mr. Tarang Jain, our Managing Director, who has nearly 30 years of experience in the automotive industry. We initially grew organically in India by adding new business lines, such as our electrical division and metallic division. Subsequently, we diversified our product offerings and expanded our production capacity through various investments, joint ventures and acquisitions. Our acquisitions most notably included our 2012 acquisition of the global lighting business of Visteon, now known as VLS. Prior to the acquisition of the global lighting business of Visteon, in 2007 we acquired I.M.E.S (a manufacturer of hot steel forged parts for the construction and oil and gas industries) in Italy and in 2011 we acquired Triom (a manufacturer of high end lighting systems for global motorcycle OEMs) with manufacturing units in Romania, Vietnam and Mexico.

Since 2012, we have invested in nine manufacturing plants in India, with two in each of Maharashtra, Tamil Nadu and Karnataka, and one in each of Gujarat, Madhya Pradesh and Rajasthan and one R&D center, which is located in Aurangabad. In managing our expansion, our focus is on creating value in the investment or acquired assets, for which we have a strong track record. Having successfully integrated and improved the operating performance of our international acquisitions, we are now looking to growing our international business organically, as evidenced by the ongoing development of two new plants in Brazil and Morocco, which we expect to commence operations in FY2019. We are also in discussions to acquire a lighting company in Turkey in FY2019.

Given our organic and inorganic growth globally, our Global Lighting Business has managed to outperform growth in the overall global exterior lighting market, with a CAGR of 18.02% from FY2014 (Indian GAAP) to FY2017 (Ind AS) (including our China JV's 50% share) in terms of revenue growth, as compared to competitors' CAGR of 10.2% or lower (*Source: Yole*). Further, we have also managed to increase our EBITDA margins (before exceptional items) by 30.09% (CAGR) over FY2014 (Indian GAAP) to FY2017

(Ind AS) (including our China JV's 50% share) and consequently, our EBITDA has grown by 120.15% from FY2014 (Indian GAAP) to FY2017 (Ind AS), going from ₹2,263.09 million in FY2014 to ₹4,982.14 million in FY2017 (including our China JV's 50% share).

We have managed to achieve growth and maintain a healthy balance sheet and profitability while doing so. Our group revenue for the period has increased from ₹69,507.70 million to ₹96,085.40 million in the period from FY2015 to FY2017, and was ₹73,939.01 million for 9M FY2018. Moreover, we have low leverage, with a net debt-to-equity ratio of 0.54 as of December 31, 2017. As of September 2017, our long term credit facilities are rated [ICRA] AA- (stable) and short term credit facilities are rated [ICRA] A1+ by ICRA Limited (the limits covered are ₹9,050 million bank lines, ₹1,000 million commercial paper program and ₹1,000 million non-convertible debentures).

We have a track record of improving the operational and financial efficiency of our businesses. In particular, since our acquisition of our Global Lighting Business (formerly Visteon's lighting business) in 2012, we have improved the performance of that business across a number of key metrics through a continued effort to streamline operations and improve customer relationships. For example, at our Mexico plant, we undertook a gradual process of replacing inefficient practices, through measures such as labour rationalisation and reducing scrap in order to improve operating margins. This process has transformed a previously loss-making plant into a profitable one. From FY2014 (Indian GAAP), the first full year that we owned our Global Lighting Business, to FY2017 (Ind AS), we increased revenue and EBITDA at our Global Lighting Business from ₹41,905.49 million and ₹2,263.09 million to ₹68,892.51 million and ₹4,982.14 million for FY 2017 (including our China JV's 50% share), respectively, a CAGR of 18.02% and 30.09%, respectively.

Our Strategies

Focus on high growth markets for our Global Lighting Business

The global exterior automotive lighting market is expected to grow at a CAGR of 4.3% between 2016 and 2021 (*Source: Yole*). Such growth is driven by the trend towards autonomous driving and connectivity between cars, with lighting becoming an increasingly prominent design and aesthetic feature, as well as playing a critical role in safety requirements and lighting technologies playing a greater role in energy efficiency and design flexibility. As such, we are looking to expand our market share in the global exterior automotive lighting market, including projection systems, signalling functions and electronics.

Historically, while still part of Visteon, our Global Lighting Business had relationships with customers such as Jaguar Land Rover and a central European car manufacturer. Since our acquisition of Visteon's lighting business in 2012, we have grown our relationships with existing customers and expanded our customer base to include new OEMs such as the VW Group, Renault-Nissan-Mitsubishi and Volvo Truck. With our cost efficient and global manufacturing footprint, we are well-positioned to continue to serve our customers' needs across different car models and geographies.

Our aim is to become a globally preferred lighting systems provider to automotive OEMs. In order to capture global growth in the exterior lighting segment (which the Yole Report defines as comprising headlamps, rear lamps and other small lamps), we intend to expand our international footprint through the development of new plants in Brazil and Morocco, in order to open up the South American, southern European and north African markets. These markets, in addition to the Indian and Chinese markets, together accounted for more than 80% of passenger car and LCV sales by volume in 2016 (*Source: Yole*). This increased global footprint will not only give access to additional markets, but also deepen our customer engagement (mainly with Renault-Nissan-Mitsubishi and a large European car manufacturer) and improve our ability to service existing customers, many of whom look for single source suppliers across the globe for their product lines.

Through our China JV, we currently have two plants and two R&D centers in China. With our current footprint in China, we cover two major automotive clusters in the east and west of China. Our current main customers are Changan Ford Automobile Company Ltd, Chang'an Automobile (Group) Co., Ltd., Dongfeng Peugeot-Citroën Automobile Limited, Jiangling Motors Corporation Limited, Zhejiang Geely Holding Group Co., Ltd and Chery Jaguar Land Rover Automotive Co., Ltd. We target global platforms with global OEMs, as well as the local SUV and the growing electric car segments.

Focus on increasing customer revenue for our India Business

India is the second largest two-wheeler manufacturer in the world (after China), and the production of two-wheelers in India grew at a 5% CAGR between FY2012 and FY2017. Demand from India grew at a 7% CAGR during calendar years 2013 to 2016, with domestic sales of 17.7 million units in 2016, whilst China's sales fell at a 10% CAGR during the same period (*Source: CRISIL Research*). Overall domestic two-wheeler production is expected to grow at a robust pace of 8-10% CAGR in the next three years to reach around 26.3 million units by FY2020. Domestic sales are also estimated to grow at a similar pace of 8-10% during this period, whilst exports are expected to increase at a faster pace of 9-11% from the 2017 base. (*Source: SIAM and CRISIL Research*). By contrast, domestic sales across Indonesia, Vietnam and Thailand, all of whom saw consecutive years of negative sales growth prior to 2016, cumulatively totalled 10.7 million units *(Source: CRISIL Research)*. The primary demand drivers for the Indian domestic two-wheeler industry are improving affordability and lower cost of ownership, whilst the key growth drivers for two-wheeler industry exports are rising crude oil prices and a focus on other markets. Given the high exposure of two-wheelers in rural areas, they depend, in turn, on trends in rural incomes and infrastructure (*Source: CRISIL Research)*.

In addition to benefiting from the overall growth in the Indian two-wheeler and three-wheeler markets, we also intend to increase our revenue with our existing customers by expanding the array of our existing products that we supply to them and by continuing to develop technology solutions aligned with their needs. Our pan-India manufacturing footprint provides us with the ability to be close to our customers across key automotive manufacturing hubs in India, and we seek to foster customer loyalty by being closely attuned to each of their needs. For example, knowing that just-in-time delivery is especially important for polymer products, all our polymer plants are located very close to our customers in order to best service their needs.

In particular, our growing business with Hero and Honda, India's two largest two-wheeler OEMs, provides us with significant opportunities to capitalize on the growing market for scooters and motorcycles in India. There is substantial room for growth in the value of products we supply to these customers, as they currently constitute a small part of our customer portfolio. In the past we supplied Hero with painted parts and plastic parts and in 2017 we started supplying crank pins, head lamps, tail lamps and lighting parts to Hero. As for Honda, we are co-located with all four Honda plants which gives us a strategic advantage over our competitors. In the past we supplied them with seats, painted body parts and moulded body parts, and in 2017 we also started supplying plastic parts, pufoam parts, speedometer assemblies, starter motors, transmission assemblies and gears to them.

In addition, we have a growing revenue in the passenger vehicle and commercial vehicle segments in India for both our lighting and polymer businesses. Since 2012, we have seen a growth in revenue from our business relationships with Mahindra, Volvo Truck, VECV and Renault-Nissan-Mitsubishi.

Continue to invest in our R&D, design, engineering and software capabilities in order to capitalize on future trends

We plan to continue expanding our R&D, engineering and software development capabilities in order to capture future growth trends. We seek to expand our capabilities in a cost efficient manner, by focusing on low-cost geographies nearby major automotive markets, in order to expand our capabilities in a cost-efficient manner. For example, in India we established a R&D facility specifically catering to VLS , which provides support to our core R&D facility in the Czech Republic. Moreover, we established a new R&D facility in Poland which started operations in 2018.

By focusing on technology, we seek to benefit from key trends in the automotive industry, including electric vehicles, emission reduction and shared mobility. For our Global Lighting Business, our experience in complex electrical systems, software development and hardware integration has enabled us to increase business with automotive OEMs leading in electric vehicle technology such as Renault-Nissan-Mitsubishi, in addition to a large British car manufacturer, a large European car manufacturer and an American electric car manufacturer. For emission reduction, we are committed to developing technology and additional expertise in electronic fuel injection systems, light weighting, passive cooling solutions for lighting thermal management and other technologies. For shared mobility, we are developing microelectromechanical systems and digital micro-mirror devices for advances safety, as well as customisable lighting products and software expertise that allow for a higher degree of personalisation in order to provide a feeling of "ownership" for the customer.

For our India Business, our R&D efforts seek to capitalize on emerging trends such as increased use of electronics, stricter environmental regulations, emission reduction and light-weighting of vehicles, as well as the emergence of new technologies such as multi point fuel injection. In particular, we seek to capitalize on the migration to BS-VI emission standards in India through our continuing development of emission reduction and light-weighting technologies. For example, in January 2018 we signed a letter of intent with a technology group based in Germany regarding the development of catalytic converter technology for use in India that would comply with the BS-VI emission standards and future legislation. Additionally, on February 13, 2018, we entered into a joint venture with Dell'Orto S.p.A., for the production, marketing and sale of electronic fuel injection control systems. We also intend to leverage our strength in polymers and lighting, which are closely aligned with light-weighting trends, to further our relationships with passenger vehicle and commercial vehicle OEMs in India. For further details see "*Focus on increasing customer revenue for our India Business*" at page 187 of this Draft Red Herring Prospectus.

Pursue strategic joint ventures and inorganic growth opportunities

We intend to actively pursue acquisitive opportunities and strategic alliances with targets that are complementary to our business. We are mainly focused on growing existing product lines, such as automotive lighting and electronics for the global exterior automotive lighting market. While we will continue to focus on the polymer, electrical and metallic businesses within India, we will also continue to be disciplined in evaluating complementary businesses in India to increase our focus on other segments if necessary. In particular, we will seek to make acquisitions that provide us with access to new technologies, or new customers, or new geographies. For example, we have recently acquired Team Concepts, a manufacturer of auto accessories in Bangalore with Japanese OEMs as key customers, and we are in discussions to acquire an exterior automotive lighting company in Turkey in FY2019.

We have historically entered into joint ventures and agreements with a number of partners in order to ensure we gain access to new technologies, advanced manufacturing know-how, and access to new customers and geographies. For example: (i) with the acquisition of Visteon, we acquired a substantial portion of assets comprising of the lighting business of Visteon Corporation and we subsequently acquired Vieston's 50% shareholding in a joint venture with TYC, established for the manufacture and sale of the automotive and motorcycle lighting systems and components in China; (ii) we entered into a joint venture with Dell'Orto S.p.A. in India, in which we have 50% shareholding, for the production, marketing and sale of electronic fuel injection control systems globally, with the exception of Europe and China. We have also entered into an intellectual property equal co-ownership agreement dated February 13, 2018 with Dell'Orto S.p.A., whereby we have been assigned and transferred a 50 percent share in the intellectual property rights and confidential information owned by Dell'Orto S.p.A. in relation to the manufacture, design, development, assembly, testing and delivery of the electronic control unit system (as a component of the electronic fuel injection system) ("**Assigned IP**"), for global usage with the exceptions of China and Europe, provided that Dell'Orto S.p.A. and our Company shall equally and jointly own the intellectual property and Assigned IP and any improvements thereon in the permitted territories; (iii) we entered into a tripartite technical and marketing support agreement, through which we receive support in Europe regarding the development, sales, marketing, logistical support and engineering of engine valves and other vehicle components; and (iv) in January 2018 we signed a letter of intent regarding the development of catalytic converter technology for use in India that would comply with the BS-VI emission standards and future legislation.

We have a track record of successfully completing and integrating acquisitions and benefiting from our participation in joint ventures and strategic alliances. Our low leverage in particular provides us with the ability to quickly react to inorganic opportunities that may present themselves.

Focus on operational efficiency

We also focus on operational efficiency in order to improve returns in a rapidly changing technological environment. Within each production facility in India and internationally, we have sought to improve efficiencies, streamline our capacity and asset utilisation and manage our capital expenditure. For example, we have implemented various initiatives to lower costs, such as purchasing raw materials in bulk to take advantage of promotions and economies of scale.

We apply a lean manufacturing standard in the Global Lighting Business, which we refer to as the Varroc Excellence System ("**VES**"). VES is structured to boost industrial efficiencies and increase profits and operating cash flows by reducing costs and eliminating waste in excessive stocks, workforce and processes. Through the VES, VLS aims to achieve operational excellence by meeting our key goals of "Superior

Quality", "Lowest Cost", "Timely Delivery" and "Highest Motivation", which we pursue through the three pillars of flow management, people development and quality enhancement. By focusing on these elements, we seek to achieve: (i) zero defects, by implementing scheduled maintenance and monitoring in order to detect and remove the causes of such defects; (ii) zero waste, by reviewing manufacturing methods to manage and minimize excess produce; (iii) zero lead time, by managing product processes and delivery times; and (iv) zero accidents, by focusing on training and safety.

VLS's global industrialisation team is directly responsible for the global result of the VES strategy and agrees targets and goals with the Board of Directors of VLS for each fiscal year. Plant managers are responsible for aligning their respective facilities to the global vision across daily Key Performance Indicators ("**KPIs**"), which are standardized across the Global Lighting Business.

For our India Business, we have implemented total preventive maintenance ("**TPM**") in order to help ensure high quality, low costs and on-time delivery for our customers. Our TPM initiatives focus on improving the efficiency of production and support functions by identifying and eliminating losses. For example, on the shop floor, we conduct activities to eliminate major losses that affect equipment and achieve higher OEE, production per hour, production per headcount and lower costs. We have also received TPM Awards for our 12 plants from our largest customer, Bajaj, during 2008-2014. The practices which we have put in place at our manufacturing plants, Business Units and at group level are, among others, (i) the development of the periodic TPM audit system in 2011 to ensure the effective implementation and improvement of the TPM system, (ii) the development of TPM knowledge through the preparation of a methodology manual and (iii) the TPM pillars awareness book in 2014. Each Business Unit Head and Business Unit management team is directly responsible for business results and, together with the Board of Directors, define the goals for each fiscal year. Each Plant Head is responsible for aligning the respective facilities to the group's vision, mission, business plans, KPIs and project themes, which are standardized across the units and plants of our India Business.

Description of Our Business

We have two primary business lines, namely (i) the design, manufacture and supply of exterior lighting for passenger car OEMs worldwide (our "**Global Lighting Business**"), which we undertake through our subsidiaries forming part of the VLS group, which include Varroc Lighting Systems S.R.O. (in the Czech Republic), Varroc Lighting Systems Inc. (in the United States of America), Varroc Lighting Systems GmBH (in Germany), Varroc Lighting Systems, Mexico (in Mexico) and our China JV; and (ii) the design, manufacture and supply of a wide range of auto components in India (our "**India Business**"), primarily to two-wheeler and three-wheeler OEMs. In addition, we have a third business line, which includes the design, manufacture and supply of two-wheeler lighting to global OEMs, under carriage forged machine components for OHVs and drill bits for the oil and gas sector (our "**Other Businesses**").

The following table sets forth a breakdown of our revenue from operations by geographical segments based on location of the customers for the time periods indicated:

	9M FY2018	**FY2017**	**FY2016**	**FY2015 (Pro forma)**
		(₹ in millions)		
India	26,416.66	31,434.32	30,912.15	21,015.29
Asia Pacific[1]	477.60	577.37	559.49	489.63
Europe[2]	29,413.99	35,132.60	28,296.31	32,181.44
United States of America[3]	12,589.88	19,598.80	16,086.93	13,632.31
Others[4]	5,040.90	9,342.31	6,334.12	2,189.03
Total	**73,939.01**	**96,085.40**	**82,189.00**	**69,507.70**

1 Includes Vietnam but excludes our China JV, which we account for via the equity method.
2 Includes the Czech Republic, France, Germany, Italy and Romania.
3 Includes the United States of America.
4 Includes Mexico.

The following table sets forth a breakdown of our revenue from operations by product for the time periods indicated:

	9M FY2018	FY2017	FY2016	FY2015 (Pro forma)
	(₹ in millions)			
Lighting	44,319.63	61,241.89	48,197.61	44,330.26
Polymer	12,188.35	14,776.51	14,884.02	5,715.74
Electrical	7,683.55	8,963.82	8,612.17	8,895.11
Metallic	4,790.19	5,451.07	5,236.65	5,041.61
Others (India)	1,988.57	2,489.19	2,073.19	1,535.97
Others (Elsewhere)[1]	2,968.72	3,162.93	3,185.36	3,989.01
Total	**73,939.01**	**96,085.40**	**82,189.00**	**69,507.70**

[1] Includes I.M.E.S and Triom

The following table sets forth a breakdown of our total invoiced amounts by market segment for the time periods indicated:

	9M FY2018	FY2017	FY2016	FY2015 (Pro forma)
	(₹ in millions)			
4-wheeler	43,247.99	62,292.40	48,673.14	40,543.60
2/3-wheeler	24,691.98	28,932.14	28,227.18	19,953.57
Others	2,008.73	1,946.60	2,057.71	2,698.79
Total	**69,948.70**	**93,171.14**	**78,958.03**	**63,195.96**

We divide our business lines into our Global Lighting Business, our India Business and our Other Businesses. The table below sets forth the corresponding breakdown of our revenue by business lines, for the time periods indicated:

	9M FY2018	FY2017	FY2016	FY2015 (Pro forma)
	(₹ in millions)			
Global Lighting Business	44,319.63	61,241.89	48,197.61	44,330.26
India Business	26,650.66	31,680.58	30,806.03	21,188.43
Other Businesses	2,968.72	3,162.93	3,185.36	3,989.01
Total	**73,939.01**	**96,085.40**	**82,189.00**	**69,507.70**

Our Products

Global Lighting Business

VLS is headquartered in Plymouth (near Detroit), Michigan, United States of America, and is one of the leading global suppliers of exterior automotive lighting for passenger vehicles. We produce all of our exterior automotive lighting products through VLS and Varroc Lighting Systems (India) Private Limited and their respective underlying subsidiaries and joint ventures, aside from those produced by Triom, which focuses on two-wheeler lighting and forms part of our Other Businesses. We acquired our Global Lighting Business from Visteon in 2012 for a total consideration of US$92.0 million in order to diversify our operations.

VLS has a broad portfolio of lighting technologies, including Halogen, Xenon/high-intensity discharge, LED, Matrix LED, high definition MEMS and DMD, surface LED and OLED module, Flex LED and LED pixel headlamp. VLS' key exterior automotive lighting products include headlamps, fog lamps, rear lamps and center high mount stop lamps ("**CHMSLs**") meant for passenger vehicles, which together accounted for 63.7% of our consolidated revenue in FY2017 and 59.9% in 9M FY2018.

China JV

Since 2012, we have further expanded our Global Lighting Business by acquiring Visteon's holding in a 50/50 joint venture with TYC, namely our China JV. Our China JV is engaged in the design, manufacture and sale of automotive lighting and the R&D of automobile lamps, and has a plant in Changzhou, to supply to OEMs in eastern China, and in Chongqing, to supply to OEMs in estern China. Our China JV supplies head lamps, rear lamps and other products, and its customers include Changan Ford Automobile Company Ltd, Chang'an Automobile (Group) Co., Ltd., Dongfeng Peugeot-Citroën Automobile Limited, Jiangling Motors Corporation Limited, Zhejiang Geely Holding Group Co., Ltd and Chery Jaguar Land Rover Automotive Co., Ltd.

Pursuant to the terms of our share purchase agreement with Visteon dated January 29, 2013, we acquired Visteon's holding in a 50/50 joint venture with TYC, namely our China JV (previously named Visteon TYC Corporation). Under the terms of the shareholders' agreement, each of TYC and ourselves have the right to designate four directors (out of a total of eight) to the board of directors. The right to nominate the General Manager on the one hand and the Chairman and Executive Vice President on the other hand alternates between TYC and ourselves every three years. Unanimous consent of the board of directors is required to approve any transfer of shares in our China JV or any of its subsidiaries, and our China JV, and thereafter we or TYC (whomever is not transferring shares), has a right of first refusal on any such transfer of shares, unless such transfer is made to a permitted transferee.

The following table provides certain details on our China JV's results of operations for the periods indicated:

	9M FY2018	FY2017	FY2016	FY2015 (Pro forma)
	(₹ in millions)			
Revenue	9,411.50	15,338.60	12,235.00	10,670.76
Depreciation and amortisation	289.10	378.71	356.11	279.74
Interest expense	60.80	120.10	153.60	119.45
Income tax expense	46.20	291.14	146.90	103.25
Profit for the period	1,040.58	1,560.80	977.00	722.57

We account for our China JV via the equity method. Accordingly, we recognize in our statement of profit and loss our pro rata share of our China JV's profit for the period. For 9M FY2018, FY2017, FY2016 and FY2015, our pro rata share of our China JV's profits was ₹520.29 million, ₹780.40 million, ₹488.50 million and ₹361.29 million, respectively.

For 9M FY2018, FY2017, FY2016 and FY2015, our China JV's EBITDA was ₹1436.68 million, ₹2350.75 million, ₹1633.61 million and ₹1,225.01 million, respectively. The following table sets forth a reconciliation of our China JV's EBITDA to its profit for the period:

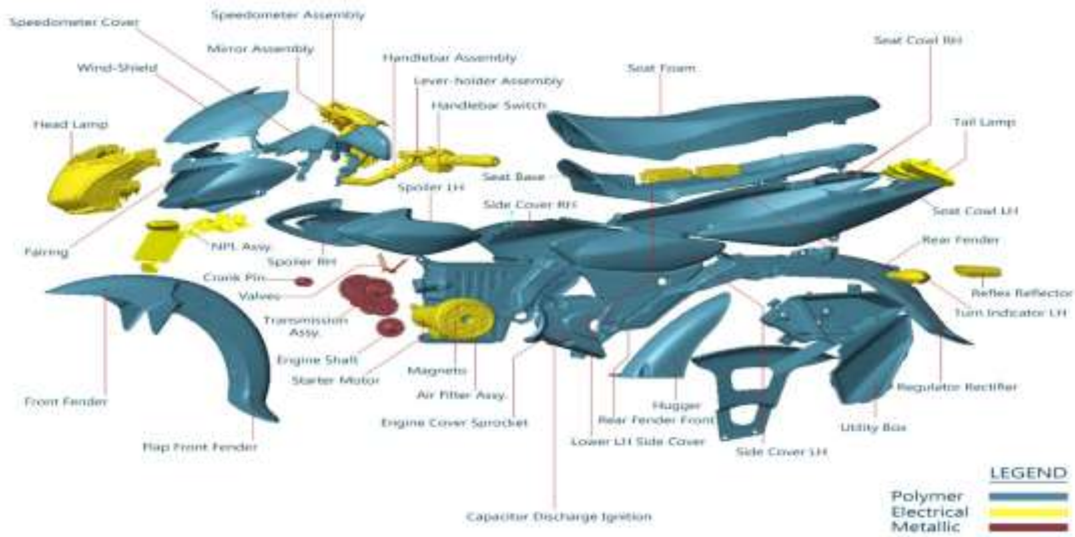
	9M FY2018	FY2017	FY2016	FY2015 (Pro forma)
	(₹ in millions)			
Profit for the period	1,040.58	1,560.80	977.00	722.57
Add:				
Depreciation and amortisation	289.10	378.71	356.11	279.74
Interest expense	60.80	120.10	153.60	119.45
Income tax expense	46.20	291.14	146.90	103.25
EBITDA	1,436.68	2,350.75	1,633.61	1,225.01

EBITDA is a supplemental measure of performance that is not required by, nor presented in accordance with, Indian GAAP and Ind AS. EBITDA is not a measurement of financial performance or liquidity under Indian GAAP or Ind AS, and should not be considered as an alternative to profit or any other performance measures derived in accordance with Indian GAAP or Ind AS, nor as an alternative to cash flow from operating activities as a measure of liquidity. In addition, EBITDA is not a standardized term, hence, a direct comparison between companies using this term may not be possible. We present EBITDA because we believe that it is frequently used by securities analysts, investors and other interest parties in evaluating companies in our industry, many of whom present such non-GAAP measures when reporting their results. We believe that EBITDA facilitates comparisons of our performance from period to period by eliminating potential differences caused by variations in capital structures (affecting interest expense), tax positions (affecting income tax expense) and the age and booked depreciation and amortisation of assets (affecting depreciation and amortisation).

India Business

We are the second largest Indian auto component group (by consolidated revenue for FY2017 (*Source: CRISIL Research*) and a leading tier-1 manufacturer and supplier to Indian two-wheeler and three-wheeler OEMs (by consolidated revenue for FY2017) (*Source: CRISIL Research*). Within our India Business, our key divisions are polymers, electrical-electronics and metallic valves and forgings.

The following graphic shows a sample of the two-wheeler products that our India Business offers.



Polymers

Our key polymer products include painted products, plastic products, seat/foam products, air filters, mirrors and extrusions meant for two-wheelers, three-wheelers, passenger cars and commercial vehicles, which together accounted for 15.4% of our revenue in FY2017 and 16.5% in 9M FY2018.

In the early 1990s, we introduced plastic fans and shrouds; in the 2000s, we introduced seats, air filters, painted parts, interior moulded parts and mirrors; and in 2016, we added paper filter elements.

Electrical-Electronics

Our key electrical-electronics products include magneto, lighting, starter motors, CDI, handle bar assemblies, RR, instrument cluster and catalytic converters meant for two-wheeler, three-wheeler, four-wheeler, off-road as well as commercial vehicles, which together account for 9.3% of our revenue in FY2017 and 10.4% in 9M FY2018.

In the 2000s, we introduced lighting, magneto, starter motors, LED tail lamps and digital clusters and switches; between 2010 to 2015, we introduced catalytic converters; and in 2017, we introduced LED head lamps.

Metallic

Our key products include valves and forged and machined products meant for two-wheelers, three-wheelers, passenger cars, commercial vehicles, off-highway vehicles, stationary engines and earth-drilling and oil-drilling machines, which together account for 5.7% of our revenue in FY2017 and 6.5% in 9M FY2018.

In the late 1990s, we introduced engine valves; between 2010 to 2015, we introduced transmission assemblies and expanded our European forging business (for further details see "*Other Businesses*" on page 194 of this Draft Red Herring Prospectus); and in 2016, we introduced six cylinder crankshafts.

Valves

Our metallic valves division has two manufacturing plants and one R&D center in India. R&D centers are involved in the development to realization of high performance technologies (such as sodium filled valves, hollow engine valves and titanium valves) and provide developmental support to customers in North America, Europe and Asia. We supply to all segments of the automotive industry and have access to major clienteles in the international market given that nearly half of the engine valves we produce are exported.

Our metallic valve manufacturing capabilities include forging, heat treatment, induction hardening, pattern hardening, precision machining, hommel inspection and ultrasonic inspection.

Forging

Our metallic forging division has three manufacturing plants (in addition to the integrated plant at Pant Nagar) and an R&D center in Aurangabad, India. Our forging business supplies precision-forged and machined parts for engine and transmissions to two-wheelers, besides also manufacturing four-cylinder crankshafts for commercial vehicles and stationary engines. We also supply key products for two-wheelers, three-wheelers and four-wheelers, including crank pins, connecting rods, flanges, ring gears, crankshafts, camshafts, knuckles, front axle beams and hydraulic components to leading OEMs, tier-one suppliers in India and for export to Europe.

The manufacturing capabilities of forging include hot, warm and cold forging, heat treatment, post heat treatment machining and soft machining. The division has a crankshaft facility to cater to the commercial vehicle segment. The manufacturing capabilities of the crankshaft facility include forging and testing, and the engineering capabilities include design and drafting, simulation, post processor tool path as well as product design.

Other Businesses

Our Other Businesses comprise I.M.E.S and Triom.

I.M.E.S is a hot forgings manufacturer with an annual capacity of 40,000 tons of forged and machined parts. I.M.E.S has two manufacturing units in Italy. I.M.E.S manufactures and supplies hot steel forged parts such as undercarriage parts for earthmoving equipment manufacturers, drill bit heads and cones for the oil and gas industry and paving equipment, which together accounted for 1.9% of our revenue in FY2017 and 2.6% in 9M FY2018. We acquired I.M.E.S in 2007 for a total consideration of €65.0 million.

Nuova C.T.S. – S.R.L. We have a 50% stake in Nuova CTS S.r.l. ("**Nuova**"), which I.M.E.S purchased in 2003, a joint venture with Tassi Roberto. Nuova is a limited liability company located in Vignola (MO). Nuova's only customer is I.M.E.S, to whom it supplies rollers, track links, flanges and idlers. I.M.E.S purchased a 50% share of Nuova in 2003.

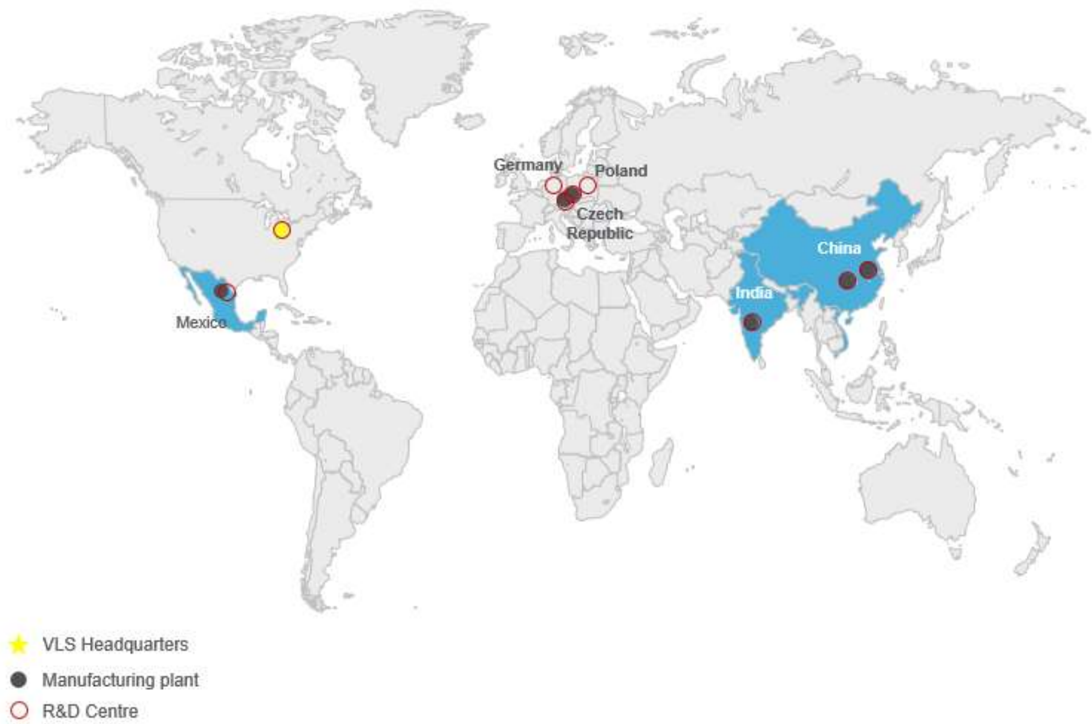
Triom, in which we have a 80.0% stake, is our international lighting systems arm for the two-wheeler industry and focuses on developing electronics and lighting solutions for the automotive market in India and in Europe. Triom has three manufacturing plants, with one each in Italy, Romania and Vietnam, and has two R&D centers, one in Italy and one in Romania. Its key products include head lamps and tail lamps meant for global two-wheelers, which accounted for 1.4% of our revenue in FY2017 and 1.5% in 9M FY2018. We acquired our 80.0% stake in Triom in 2011 for a total consideration of €7.2 million in order to acquire LED technologies for two-wheelers.

Manufacturing Facilities

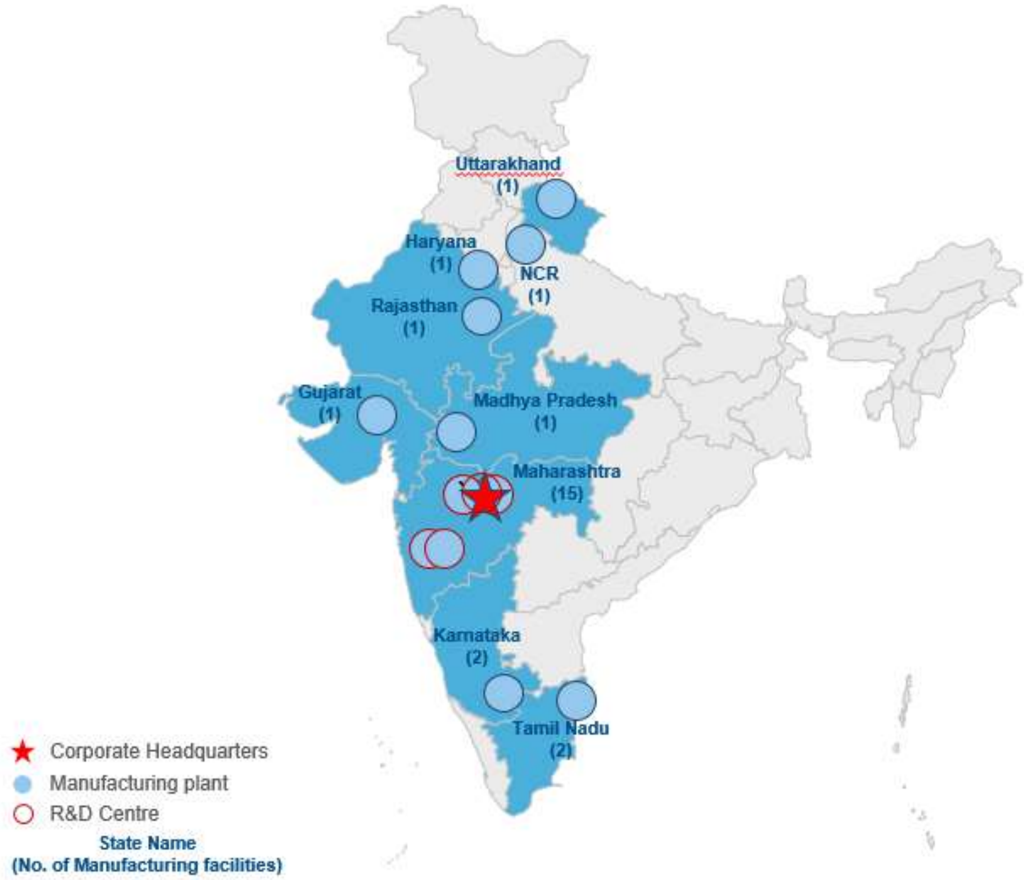
We have a total of 36 manufacturing facilities and 16 R&D centers spread across three continents and nine countries. In addition, we have four manufacturing facilities currently under development.

The following map shows the locations of our manufacturing facilities across the world.

The following map shows the locations of our manufacturing facilities for our Global Lighting Business.



The following map shows the locations of our manufacturing facilities for our India Business.



We have entered into land leases for 23 of our manufacturing facilities and own the land for the remaining 13 facilities. As of December 31, 2017, we own 13 of our 36 manufacturing facilities, have taken on leases for 23 and none are partly owned and partly taken on lease.

Global Lighting Business

For our Global Lighting Business, we have six manufacturing facilities spread across three continents. The following table sets forth certain details with respect to our manufacturing facilities for our Global Lighting Business:

Plant	Location	Leased/owned	Division	Annual Installed Capacity as of December 31, 2017	Actual FY2017 Production	Capacity Utilisation FY2017	Capacity Utilisation FY2016	Capacity Utilisation FY2015	Certifications
Czech Republic									
VLS Czech Republic	Novy Jicin	Leased	VLS	6,200,000 Nos	5,642,000 Nos	91%	81%	77%	ISO14001, OHSAS18001, IATF 16949
VLS Czech Republic	Rychvald	Leased	VLS	2,700,000 Nos	1,425,000 Nos	95%	50%	45%	ISO14001, OHSAS18001 IATF 16949
China									
Varroc TYC Auto Lamps	Changzhou /Jiangsu	Owned	VLS	4,622,000 Nos	4,442,824 Nos	96%	89%	92%	ISO/TS14001/2004, IATF 16949/2016
Varroc TYC Auto Lamps (CQ)	Chongqing / Bishan	Owned	VLS	5,160,900 Nos	5,151,056 Nos	100%	87%	91%	ISO14001/2004, IATF 16949/2016
Mexico									
VLS Monterrey	Nuevo Leon	Owned	VLS	Head lamps and rear lamps: 2,720,000 Nos	2,677,910 Nos	98%	75%	66%	ISO14001, OHSAS18001, ISO16949/2009
India									
VLS India........................	Pune, Maharashtra	Owned	VLS	Head lamps, tail lamps, fog lamps and CHMSLs: 782,850 Nos	527,020 Nos	67%	80%	75%	ISO/TS14001/2004, BSOHSAS18001, ISO/TS 16949/2009

India Business

Within our India Business, we have 25 manufacturing facilities and five R&D centers spread across India. The following table sets forth certain details with respect to our manufacturing facilities for our India Business:

Plant	Location	Leased / owned	Division	Annual Installed Capacity as of December 31, 2017	Actual FY2017 Production	Capacity Utilisation FY2017	Capacity Utilisation FY2016	Capacity Utilisation FY2015	Certifications
Pantnagar									
VEPL PN	Pantnagar (Rudrapur, U S Nagar)	Leased	Electrical	1. CDI – 1,500,000 nos	1. CDI – 1,259,000 nos	84%	89%	74%	ISO/TS/16949/2009, ISO 14001/2004 BSOHSAS18001/2007
				2. RR – 1,500,000 nos	2. RR – 1,248,000 nos	83%	88%	77%	
				3. Magneto – 1,200,000 nos	3. Magneto – 959,000 nos	80%	68%	63%	
			Polymer	1. Plastic parts – 11,033 MT	1. Plastic parts – 4,477 MT	41%	36%	36%	
				2. Seat Assembly – 1,500,000 Nos	2. Seat Assembly – 960,000 nos	63%	55%	50%	
				3. Mirror Assembly– 1,900,000 nos	3. Mirror Assembly– 1,215,000 nos	64%	56%	71%	
				4. Air Filter Assembly – 1,700,000 nos	4. Air Filter Assembly – 962,000 nos	57%	72%	56%	
				5. Painted parts – 5,770,000 nos	5. Painted parts – 5,045,000 nos	87%	62%	54%	
			Metallic	Transmission assembly – 1,100,000 nos	Transmission assembly – 771,000 nos	70%	75%	64%	
Aurangabad									
VEPL IV	M140 - 141, MIDC Area Waluj, Aurangabad	Leased	Electrical	1. Handle Bar Assembly Qty. 2,160,000 nos	1. Handle Bar Assembly Qty. 617,000 nos	29%	26%	34%	ISO/TS 16949:2009 ISO 14001:2004, OHSAS 18001:2007
				2. 2W & 3W Switch – 3,570,000 nos	2. 2W & 3W Switch - 925,000 nos	26%	31%	26%	
VEPL – I	E-4 MIDC Area Waluj Aurangabad	Leased	Electrical	1. Magneto – 2,500,000 nos	1. Magneto – 2,077,000 nos	83%	83%	76%	ISO/TS 16949/2009 ISO 14001:2004, BSOHSAS 18001:2007
				2. Wiper Meter - 468,000 nos	2. Wiper Meter - 51,000 nos	11%	16%	19%	
			Lighting	Lamps – 8,400,000 nos	Lamps – 5,603,000 nos	67%	63%	79%	
VPPL – III	M-165/167, MIDC Industrial Area, Waluj, Aurangabad, 431136.	Leased	Polymer	PU Foam Moulding and Seat Assembly – 4,800,000 nos	PU Foam Moulding and Seat Assembly – 4,116,506 nos	86%	94%	93%	ISO/TS 16949: (3) 2009 Certificate No. 44 111 070755
VPPL – IV	Gut No 99, Village Pharola, Tq. Paithan, Dist. Aurangabad	Owned	Polymer	1. Plastic Moulding Parts – 5,450 MT	1. Plastic Moulding Parts – 3,476 MT	64%	81%	84%	ISO 14001-2004 OHSAS 18001-2007 ISO/TS 16949:2009
				2. Air Filter Assembly – 3,600,000 Nos	2. Air Filter Assembly – 1,579,020 Nos	44%	85%	91%	
				3. Extrusion – 9,000 MT	3. Extrusion – 2,430 MT	27%	28%	23%	

Plant	Location	Leased / owned	Division	Annual Installed Capacity as of December 31, 2017	Actual FY2017 Production	Capacity Utilisation FY2017	Capacity Utilisation FY2016	Capacity Utilisation FY2015	Certifications
VPPL - TR	M-138/139,MIDC - Waluj, Aurangabad	Leased	Polymer	Moulds – 450 nos	Moulds – 218 nos	48%	70%	72%	N/A
VEPL V, Forging	Waluj, Aurangabad	Leased	Metallics	24,965,850 Nos number of forged & machined components	17,276,193 Nos number of forged and machined components	69%	64%	58%	ISO/TS (16949:2009) ISO14001:2004 BSOHSAS18001:2007
VEPL VII	Waluj, Aurangabad	Leased	Metallics	1. Alloyed Steel forged – 8,880,036 nos	1. Alloyed Steel forged - 5,248,763 nos	84%	93%	89.50%	ISO - TS - 16949: 2009
				2, Valves - 22,500,000 nos	2. Valves - 14,912,119 nos	76%	86%	78%	
VEPL VIII, Forging	Walujl, Aurangabad	Leased	Metallics	329,472 number of forged components	63,078 number of forged components	19%	13%	8%	ISO 9001/2008 ISO-TS 16949/2009 ISO 14001/2015 BSOHSAS 18001/2007
DIPL, Valves	Waluj, Aurangabad	Leased	Metallics	22,500,000 number of Valves	14,891,459 number of Valves	66%	68%	84%	ISO/IATF 16949/2009 ISO14001/2015 BSOHSAS 18001/2007
Chennai									
VEPL CN	Survey No. 645 2G/2C, Panruti Kandigai, Kancheepuram-602105	Rented	Electrical	Handle Bar Assy – 336,000 Nos	Handle Bar Assembly Qty – 185,000 Nos	31%	0.16%	N.A.	N/A
VPPL-CN	Survey No. 128-1B & 129-1B, Ezhichur Village, Sriperambudur taluk,Kancheepuram Dist, Chennai 603204	Owned	Polymer	1. Plastics – 3,209 MT	1. Plastics – 1,916 MT	60%	44%	4%	ISO/IATF 16949-2009
				2. Seat – 621,994 Nos	2. Seat – 427,412 Nos	69%	47%	0%	
				3. Air Filter Assembly – 124,399 Nos	3. Air Filter Assembly - 24,017 Nos	19%	0%	0%	
				4. Mirror – 1243988 Nos	4. Mirror - 999,225	80%	52%	1%	
				5. PU Foam – 1,158,995 Nos	5. PU Foam – 447,279	39%	26%	0%	
Gujarat									
VPPL - GJ	Survey No: 154/1,154/3,155/2, Karsanpura, TQ, Mandal Dist, Ahmedabad-382140	Owned	Polymer	Plastics – 3,954.5 MT	Plastics – 1,629.414 MT	43%	N/A	N/A	N/A

Plant	Location	Leased / owned	Division	Annual Installed Capacity as of December 31, 2017	Actual FY2017 Production	Capacity Utilisation FY2017	Capacity Utilisation FY2016	Capacity Utilisation FY2015	Certifications
Bangalore									
VPPL-BG	Plot No.271 & 272(P), Narasapura Industrial Area, Off Old Madras Road (NH-75) Kolar District, PIN – 563133, Kamataka State	Leased	Polymer	1.Plastic – 5,352 MT	1. Plastic – 1,352 MT	34%	51%	42%	ISO TS 16949
				2. Seat/Foam – 18,36,000 nos	2. Seat/Foam – 1,070,843 nos	58%	100%	79%	
TCPL	Harohalli	Leased	Polymer	Blow moulding – 153,375 kgs	Blow moulding – 76,400 kgs	50%	8%	4%	ISO9001:2015 ISO14001:2015
				Injection moulding (850 T) – 122,750 kgs	Injection moulding (850 T) – 16,995 kgs	14%	N/A	N/A	
				Injection moulding (200 T) – 31,000 kgs	Injection moulding (200 T) – 18,792 kgs	61%	46%	58%	
Pithampur (Madhya Pradesh)									
VPPL-IN	Plot No. 601-A&B Sector-III, Industrial Area, Pithampur, Dist. Dhar (MP) 454 775	Leased	Polymer	1. Plastics – 3,000 MT	1. Plastics – 666.34 MT	22%	42%	26%	ISO 18001 ISO14001 ISOIATF 16949
				2. Seat/Foam – 1,800,000 nos	2.Seat/Foam – 209,634 nos	12%	15%	10%	
				3. Mirror – 60,000 nos	3. Mirror – 195 nos	0%	NIL	NIL	
Pune									
VEPL (exhaust plant)	B14, MIDC Area Chakan, Tal. Khed, Dist. Pune – 410501, Maharashtra, India	Leased	Electrical	1. Catalytic converter – 2,400,000 Nos	1. Catalytic converter – 927,798 Nos	38.70%	47.30%	46.70%	ISO/TS/16949/2009, ISO14001/2004, OHSAS 18001/2007
				2. Armature Shaft – 900,000 Nos	NIL	NIL	NIL	NIL	
VPPL-I	Gut No. 390, Takve BK, Tal. Maval, Dist, Pune – 412106	Owned	Polymer	1. Painted – 5,893,056 Nos	1. Painted – 4,018,418 Nos	68%	100%	98%	IATF 16949, JIPM, ISO 14001:2004, OHSAS 18001:2007
				2. Plastics – 4,653 MT	2. Plastics – 2,426.14 MT	52%	59%	44%	
				3. Air Filter Assembly – 1,200,000 Nos	3. Air Filter Assembly – 526,450 Nos	44%	54%	61%	
VPPL-II	E-88, MIDC Industrial Area, Ranjangaon, Tsl. Shirur, Dist Pune – 412220	Leased	Polymer	1. Plastics – 4,775 MT	1. Plastics – 4,170.82 MT	87%	78%	62%	ISO TS 16949/2009 ISO14001-2004 BS OHSAS 18001:2007, JIPM (for mirror)
				2. Mirror – 9,000,000 Nos	2. Mirror – 7,339,022 Nos	82%	87%	89%	
				3. Seat Assy parts - NIL	3. Seat Assy parts – 359,076	72%	78%	57%	

Plant	Location	Leased / owned	Division	Annual Installed Capacity as of December 31, 2017	Actual FY2017 Production	Capacity Utilisation FY2017	Capacity Utilisation FY2016	Capacity Utilisation FY2015	Certifications
VPPL-CK	C-III, Phase-II, MIDC Chakan, Village Bhamboli, Taluka Khed, Dist. Pune - 410501, Maharashtra, India	Leased	Polymer	1. Moulded shop – 1,560 MT	1. Moulded shop – NIL	NIL	NIL	NIL	N/A
				2. Painted parts – 4,080,000 Nos	2. Painted parts – 172,710 Nos	4%			
				3. Seat Assy parts– 1,248,000 Nos	3. Seat Assy parts– 128,645 Nos	10%			
VEPL III	B24/25, MIDC, Chakan	Leased for 99 years from MIDC	Electronics	Starter Motor- 14,340,000 Nos	Starter Motor – 9,329,578 Nos	73%	88%	98%	ISO 14001: 2004 BS OHSAS 18001: 2007 ISO/TS 16949: 2009
VEPL VI	Gut No. 390, At Post. Takve Dist. Pune - 412 106	Owned	Electrical	Head Lamp, Tail Lamp, Blinkers, Bear Fender Sub-Assemblies & Electro Mechanical Switch / Moulding Process, Coating Process, Antifog Process & Assembly Lines. – 14,609,000 Nos	4,808,000 Nos	34%	37%	32%	ISO/IATF 16949 – 2009 ISO14001 – 2004 OHSAS 18001 - 2007
National Capital Region									
VPPL-GN	Plot No. 35A Uduog Vihar, Greater Noida, Dist – Gautam Budh Nagar, 201306	Leased	Polymer	1. Moulded Parts - 6,578 Tons	1A. Plastic – 1,967.12 MT	1A. Plastic – 30%	1A. Plastic – 30%	1A. Plastic – 37%	ISO 18001,ISO 14001, TS 16949
					1B. Mirror Assembly – 489,162 Nos	1B. Mirror Assembly – 71%	1B. Mirror Assembly – 42%	1B. Mirror Assembly – 34%	
				2. PU Foam/Seat Assembly – 4,161,982 Nos	2. PU Foam/ Seat – 1,523,469 Nos	36.6%	41%	75%	
				3. Air Filter – 1,980,000 Nos	3. Air Filter – 20,634 Nos	10%	NIL	NIL	
				4. Paint – 7,069,608 MT	4. Paint shop – 2,333,391 Nos	33%	64%	86%	
Guragon									
VPPL-BN	58th Milestone, Near Mittal Orchide Resorts, NH8, Binola, Gurgaon, 122413Binola	Owned	Polymer	1. Plastics – 5,212 MT	1. Plastics – 2,738.3 MT	52%	8%	70%	ISO 18001,ISO 14001,ISO TS 16949
				2. Painted – 8,550,000 Nos	2. Painted – 7,201,358 Nos	84%	71%	91%	
				3. Seat/foam – 192,000 Nos	3. Seat/foam – 167,524 Nos	9%	6%	24%	
Alwar, Rajasthan									

Plant	**Location**	**Leased / owned**	**Division**	**Annual Installed Capacity as of December 31, 2017**	**Actual FY2017 Production**	**Capacity Utilisation FY2017**	**Capacity Utilisation FY2016**	**Capacity Utilisation FY2015**	**Certifications**
VPPL-PH	Plot No. SP-3-803, Industrial area, Alwar, Rajasthan, 303107	Leased	Polymer	1. Plastic – 4,471 MT	1. Plastic – 2,547.46 MT	57%	57%	19%	ISO/TS 16949
				2. Seat/Foam – 900,000 Nos	2. Seat/Foam – 362,509 Nos	40%	36%	28%	

Other Businesses

For our Other Businesses, we have five manufacturing facilities spread across three continents. The following table sets forth certain details with respect to our manufacturing facilities for our Other Businesses:

Plant	Location	Leased/owned	Division	Annual Installed Capacity as of December 31, 2017	Actual FY2017 Production	Capacity Utilisation FY2017	Capacity Utilisation FY2016	Capacity Utilisation FY2015	Certifications
Italy									
I.M.E.S S.P.A	Via Sandroni 34, Sumirago, Italy 21040	Owned	Metallic Division (Forging)	Hot forged parts – 40,000 tons	21,300 tons	53%	56.50%	70%	ENISO9001/2008, ISO-TS 16949/2009,
TRIOM Italia S.P.A	Cambiano (TO), Italy	Leased	Two-wheeler	Two-wheeler – 1,000,000 sets	650,000 sets	60%	60%	50%	ISO TS 16949/2009
I.M.E.S Nuova CTS..........	Via Trinita 3 Vignola, Italy	Owned	Metallic (Rough turning)	Forged parts - 20,000 tons	9,700 tons	48%	50.50%	59%	ENISO 14001/2004, BS OHSAS 18001/2007
Romania									
S.C. Electromures S.A.	Targu Mures, Romania	Owned	Two-wheeler	Two-wheeler – 650,000 sets	320,000 sets	50%	35%	35%	ISO TS 16949/2009
Vietnam									
TRIOM Vietnam	Me link Dist. – Hanoi, Vietnam	Leased	Two-wheeler	Two-wheeler – 350,000 sets	220,000 sets	60%	50%	50%	ISO 9001/2015

Quality Assurance within our Manufacturing Facilities

We continuously monitor and improve the quality of products we manufactured through the implementation of our full-fledged integrated quality management systems, the Varroc Quality System ("**VQS**") and the Varroc Development System ("**VDS**"). VQS sets out quality assurance procedures for all parts of the manufacturing chain, from the receipt of raw materials to the dispatch of the finished product, and is based on the principles of IATF 16949:2016 and ISO 16949/2009, a standard set by the International Automotive Task Force that establishes the requirements for a quality management system specifically for the automotive sector. VDS sets out quality assurance procedures for the new product development process for customers, from the customer's initial request for quotation, submission of product samples, production trials, to the final stage where customers begin their production.

VQS and VDS are both dynamic controlled quality management systems which are continuously updated and improved in accordance with the changing specifications and needs of our customers. All 13 of our polymer manufacturing facilities are in adherence with VQS and VDS. Our electrical and metallic manufacturing facilities, which have previously been certified with TS-16949 for quality management systems, are also moving to align with the standards set by IATF 16949:2016. Our commitment to quality assurance has been recognized by our customers, from whom we have received quality assurance awards. For further details please see "*Awards*" on page 216 of this Draft Red Herring Prospectus.

Other properties

Our registered and corporate office is located at Varroc Engineering Private Limited. L-4, MIDC Industrial Area, Waluj, Aurangabad- 431136, Maharashtra, India. We have taken our registered and corporate office property on lease from Maharashtra Industrial Development Corporation, pursuant to a deed of assignment dated February 11, 2005 by Parvati Alloys and Steel Limited in favour of our Company. The lease is valid for a period of 95 years from September 1, 1992.

In addition to our operational facilities, we also hold various freehold properties with respect to our solar and wind power plants, located in Shiwaji Magar Sakri Dist Dhule, and various cities in Maharashtra, our Mumbai office and the guest house in Aurangabad.

We own approximately 410 acres of freehold land in India.

Sales and Marketing

Customers

Our customers are predominantly OEMs. OEMs are producers of fully assembled vehicles, such as passenger cars, commercial vehicles, motorcycles, scooters and three-wheelers.

Global Lighting Business

Our Global Lighting Business supplies its products to a wide range of OEMs across North America, Europe and Asia. VLS' customers include Ford, Jaguar Land Rover, the VW Group, FCA, Groupe PSA, a European multinational car manufacturer and an American electric car manufacturer.

We enter into general framework agreements with our customers, which outline the basic parameters of our cooperation and we receive non-binding forecasts of expected volumes and specifications of customer orders for six to twelve month periods. Our customers then provide us with purchase orders detailing specific order volumes and delivery schedules, typically on a weekly basis. 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 materialize.

The details of our Global Lighting Business's largest customers based on consolidated total invoiced amounts in 9M FY2018 for the time periods indicated, are set forth below:

Customer	FY2015 Total Invoicing	FY2015 % of Group Consolidated Total Invoicing	FY2016 Total Invoicing	FY2016 % of Group Consolidated Total Invoicing	FY2017 Total Invoicing	FY2017 % of Group Consolidated Total Invoicing	9M FY2018 Total Invoicing	9M FY2018 % of Group Consolidated Total Invoicing
	(₹ in millions)		*(₹ in millions)*		*(₹ in millions)*		*(₹ in millions)*	
Customer A ...	7,845.39	12.4	10,387.57	13.2	14,757.38	15.8	10,737.65	15.4
Customer B ...	8,057.11	12.7	8,252.78	10.5	10,637.30	11.4	6,477.78	9.3
Customer C ...	3,612.22	5.7	6,140,61	7.8	9.862.54	10.6	6,469.50	9.2
Customer D ...	6,975.61	11.0	7,988.19	10.1	8,122.24	8.7	4,976.93	7.1
Customer E ...	2,605.44	4.1	2,693.09	3.4	4,271.58	4.6	3,939.14	5.6
Customer F....	2135.40	3.4	2889.23	3.7	3217.69	3.5	2400.28	3.4
Customer G ...	109.86	0.2	1465.89	1.9	2361.14	2.5	1685.36	2.4

Customer A

Our Global Lighting Business supplies head lamps, rear lamps, CHMS lamps, fog lights and electric modules to Customer A, an American multinational car manufacturer. From FY2015 to FY2017, we increased our total invoiced amounts from Customer A from ₹7.845.39 million to ₹14,757.38 million, primarily as a result of growth in the volume of products purchased and new business from the customer. Customer A has been our customer since 1995.

Customer B

Our Global Lighting Business supplies head lamps, rear lamps and fog lights to Customer B (a large British car manufacturer), with many of the aforementioned products using LED technology. From FY2015 to FY2017, we increased our total invoiced amounts from Customer B from ₹8,057.11 million to ₹10,637.30 million, primarily as a result of growth in the volume of products purchased and new business from the customer. Customer B has been our customer since 2011.

Customer C

Our Global Lighting Business supplies fog lamps, head lamps, rear lamps and CHMSLs to Customer C, an American electric car manufacturer. From FY2015 to FY2017, we increased our revenue from Customer C from ₹3,612.22 million to ₹9,862.54 million, primarily as a result of growth in the volume of products purchased and new business from the customer. Customer C has been our customer since 2013.

Customer D

Our Global Lighting Business supplies head lamps, rear lamps, CHMS lamps and interior lighting to Customer D, an international automotive manufacturer. From FY2015 to FY2017, we increased our total invoiced amounts from Customer D from ₹6,975.61 million to ₹8,122.24 million, primarily as a result of growth in the volume of products purchased and new business from the customer. Customer D has been our customer since 2008.

Customer E

Our Global Lighting Business supplies rear lamps to Customer E, a large European car manufacturer. From FY2015 to FY2017, we increased our total invoiced amounts from Customer E from ₹2,605.44 million to ₹4,271.58 million, primarily as a result of growth in the volume of products purchased and new business from the customer. Customer E has been our customer since 2002.

Customer F

Our Global Lighting Business supplies head lamps and rear lamps to Customer F, a central European car manufacturer. From FY2015 to FY2017, we increased our total invoiced amounts from Customer F from ₹2,135.40 million to ₹3,217.69 million, primarily as a result of growth in the volume of products purchased and new business from the customer. Customer F has been our customer since 2001.

Customer G

Our Global Lighting Business supplies rear lamps to Customer G, a European multinational car manufacturer. From FY2015 to FY2017, we increased our total invoiced amounts from Customer G from ₹109.86 million to ₹2,361.14 million, primarily as a result of growth in the volume of products purchased and new business from the customer. Customer G has been our customer since 2007.

India Business

Our India Business supplies its products to a wide range of OEMs across India. Customers of our Polymer division include Bajaj, Honda, Yamaha, VE Commercial Vehicles, Hero, Royal Enfield and KTM. Customers of our Electrical division include Bajaj, Royal Enfield, Hero, Tata Motors, Suzuki, KTM and Honda. Customers of our Metallic division include Bajaj, Royal Enfield, FCA, Yamaha, Suzuki, Harley Davidson, Honda, JCB, ThyssenKrupp, Danfoss Power, a large American car manufacturer and an Italian vehicle manufacturer. From FY2013 to FY2018, our India Business added 15 new customers. For FY2017, the OEMs to whom we supply our products accounted for 85% of total Indian domestic two-wheeler sales (*Source: CRISIL*). For FY2017 and 9M FY2018, 86.3% and 87.3% of our India Business's total invoiced amounts was derived from the sale of two- and three-wheeler components and 13.2% and 12.2% from the sale of four-wheeler components.

We operate on a purchase order based system and most of our customers provide us with forecasts of order volumes, generally firm for the first month with tentative delivery schedules for the following months, as well as annual sales projections that help us estimate our production, capital expenditure and revenue for that particular product or business line and facilitate our resource and downstream supply planning. For each customer, we typically receive weekly delivery schedules detailing product mix specifications. 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 materialize.

In relation to our suppliers for our India Business, we primarily purchase raw materials back-to-back and in line with the terms and prices that are agreed with our customers, either from suppliers stipulated by our customers or those suggested by us and approved by our customers.

The details of our India Business' largest customers based on the consolidated total invoiced amounts in 9M FY2018 for the time periods indicated, are set forth below:

	FY2015		**FY2016**		**FY2017**		**9M FY2018**	
Customer	**Total Invoicing**	**% of Group Consolidated Total Invoicing**	**Total Invoicing**	**% of Group Consolidated Total Invoicing**	**Total Invoicing**	**% of Group Consolidated Total Invoicing**	**Total Invoicing**	**% of Group Consolidated Total Invoicing**
	(₹ in millions)		*(₹ in millions)*		*(₹ in millions)*		*(₹ in millions)*	
Bajaj	12,909.44	20.4	16,481.56	20.9	15,819.32	17.0	13,635.66	19.5
Honda	874.26	1.4	2,819.72	3.6	3,103.92	3.3	2,903.38	4.2
Royal Enfield.	962.09	1.5	1,497.35	1.9	1,952.41	2.1	1,790.29	2.6
India Yamaha	937.58	1.5	1.853.09	2.3	2,074.22	2.2	1,540.96	2.2
Customer D...	802.64	1.3	776.04	1.0	795.46	0.9	736.97	1.1
Mahindra	388.39	0.6	1,311.47	1.7	1,039.49	1.1	690.08	1.0
Customer F	258.39	0.4	751.54	1.0	883.25	0.9	567.14	0.8
Suzuki	135.85	0.2	177.17	0.2	104.23	0.1	136.48	0.2
Hero	44.20	0.1	138.88	0.2	114.65	0.1	61.08	0.1

Bajaj

In our India Business, our largest customer is Bajaj, which has been our customer since 1990. We enjoy a strong relationship with Bajaj, which is the result of our long history of developing products for them, and also due to the high quality and competitive cost of our products and our high delivery standards.

We supply Bajaj with products across our three product lines, namely Polymers, Electrical and Metallic, and all of our 16 total product categories.

Honda

From FY2013 to FY2017, we increased the number of product categories that we supply to Honda from four to eight. Honda has been our customer since 2005.

Royal Enfield

From FY2013 to FY2017, we increased the number of product categories that we supply to Royal Enfield from eight to 12. Royal Enfield has been our customer since 2005.

India Yamaha

From FY2013 to FY2017, we increased the number of product categories that we supply to India Yamaha from seven to eight. India Yamaha has been our customer since 2006.

Suzuki

From FY2013 to FY2017, we increased the number of product categories that we supply to Suzuki from three to seven. Suzuki has been our customer since 2008.

Hero

From FY2013 to FY2017, we increased the number of product categories that we supply to Hero from one to three. Hero has been our customer since 2014.

Sales and Marketing Team

We have a sales and marketing team that focuses on customer development and programme management. In addition, we have a marketing department that is responsible for technical marketing activities including customer technology shows.

Our overseas sales and marketing functions support customers in their respective regions and business units. We have dedicated sales teams and key account managers that are responsible for consolidating our relationships with key customers and developing strategies to ensure that we are engaging in projects and developing the right products in line with our business growth and market trends.

Our India Sales and Business Development team has representatives for each of our Business Units/product segments for various OEMs, and the representative is responsible for sales of products from the Business Units to the customers, increasing the level of new business, costing, negotiation and commercial settlements, monitoring and ensuring profitable business growth while improving the customer relationship. The sales team also takes an active role in winning new business, maintaining current business with customers, promoting new technology products and marketing the same for project acquisitions. Our India sales team has built long-term relationships with a number of leading OEMs and has played an important role in helping us attain our position as a vendor of choice of many components for certain leading OEMs.

Research and Development

As many of our products are proprietary in nature, we continually focus on developing innovative, lean and cost competitive designs to maintain a technological edge across product range. As of March 31, 2015, 2016 and 2017 and December 31, 2017, we employed 910, 1,080, 1,148 and 1,365 engineers, respectively (including those employed by our China JV).

The following table sets forth our R&D expenditure in absolute terms and as a percentage of our total income for the periods indicated:

	9M FY2018	FY2017	FY2016	FY2015
		(₹ in millions)		
R&D expenditure - Revenue	3,171.51	3,636.73	2,445.44	2,513.56
% of revenue.......................................	4.29	3.78	2.98	3.62

The R&D expenditure detailed above does not include R&D expenditure of our China JV (50% share) of ₹231.11 million, ₹322.48 million, ₹301.12 million and ₹330.11 million for FY2015, FY2016, FY2017 and 9M FY2018 respectively.

Global Lighting Business

Our R&D centers handle development, design, production and testing, maintenance and repair of production moulds and tools for internal and external customers. They also provide consultancy services during product development, such as mould flow analyses of 3D models. As of December 31, 2017, we have eleven R&D centers outside of India, and our comprehensive and expanding global footprint seeks to support global customers. Our presence extends across the two-wheeler, three-wheeler, four-wheeler and passenger vehicles segments. Notably, because all product development and R&D occurs in-house, we are a key technology partner of some of our major customers, including a large British car manufacturer and an American electric car manufacturer.

We also have an established presence in emerging technologies, such as LED lighting, electric cars autonomous vehicles. As such, we are up-to-speed with the latest technologies in these segments, and our experience in complex electrical systems development (such as the Controller Area Network and Local Interconnect Network architecture) brings us increased business especially with automotive OEMs with established electric mobility programmes, including Renault-Nissan-Mitsubishi, in addition to a large British car manufacturer, a large European car manufacturer and an American electric car manufacturer.

We are continually honing our in-house R&D and engineering capabilities to capitalize on industry trends, including in particular moves towards emission reduction, autonomous driving, electrification, shared mobility and connectivity. Within emission reduction, our products offer a reduction of energy demand on-vehicle through high efficiency LED headlamps, increased optical system efficiency and light weighting. In terms of electrification, we are leveraging new and existing capabilities for increased range through lower energy requirements, adaptable lighting to conserve energy under changing vehicle and environment conditions and communication of vehicle status. In the area of shared mobility, we are focusing on new exterior lighting mediums and software to enable customized exterior ambient lighting, programmable image projection and personalisation features and applications. In the area of connectivity, we have expanded our portfolio of electronics, sensors, software and other lighting products in order to integrate with other vehicle sensors and cameras, utilize lighting for Car2x communication (i.e. vehicle-to-others communication including, inter alia, vehicle-to-vehicle, vehicle-to-infrastructure and vehicle-to-pedestrian communication) and use cloud storage for personalisation and customisation of features.

India Business

We have five R&D centers in India, all of which are approved by the DSIR. On 5 March 2018, our VPPL R&D center located in Mararashtra was accredited by the National Accreditation Board for Testing and Calibration Laboratories.

The engineering and R&D capabilities of our Indian product segments are as follows:

Polymer

The engineering capabilities of the polymer division include benchmarking, design concepts, new product development, advanced engineering, raw material selection, computer-aided design ("**CAD**"), computer-aided engineering ("**CAE**") simulations, failure modes and effects analysis ("**FMEA**"), design for manufacturability, prototyping, manufacturing engineering, facilities, tools, gauges, testing and validations and industrialisation and is IATF 16949:2009 certified. Our tool room is capable of tool design, machining, assembly, tool management and support.

Electrical-Electronics

Our electrical engineering team has developed advanced versions of electronics instrument clusters and digital Capacitor Discharge Ignition products**.** Our team has capabilities in programme management, CAD/CAE designing, product engineering, RFQ management, component development and testing and validation. Additionally, we also have a design studio with high-end hardware for 3D designing and modelling. We also have a photometry lab, an environmental testing lab, an endurance-testing lab and an inspection facility to carry out required tests in the manufacturing processes, and also a performance lab to evaluate the performance of products developed by us. These facilities enable us to translate end-user requirements into engineering specifications, and the ability to develop cutting-edge products such as Integrated Starter Generator, Permanent Magnet Synchronous Motor and LED lights. Varroc manufactures High Amp and Low Amp switches in a wide range of applications (including illuminated switches for both two-wheeler and four-wheeler vehicles).

Metallic

Our forging business has one in-house R&D center, which has the benefit of the latest equipment to enable us to conduct material research, product and process simulation and testing. We also employ simulation software for product and die design and computer-aided manufacturing ("**CAM**") software for high-speed die cutting and to reduce time in die manufacturing. We also have Numerical Control tool path generation and finite element analysis to accelerate response time in developing new parts. Our engine valve business has an in-house R&D center and highly competitive engineering capabilities, which include benchmarking, design concepts, new product development, programme management, material engineering, industrial engineering, prototyping and manufacturing engineering. We have an in-house facility for tooling and a facility for validating the engines. We continuously work with our customers and suppliers to develop cost-effective solutions for high performance engines.

Other Businesses

Triom's R&D activity is focused on ensuring we are able to offer OEMs the best available technology at an affordable price leveraging on our partnerships with global suppliers and integrating the latest technological solutions with frugal and efficient manufacturing methods. Our global manufacturing footprint allow Triom to be present where our customers require. Our project managers lead individual projects independently, using this autonomy to handle every phase of the work process in a complete and efficient fashion. Our staff is specialized in turning customers' visions into reality and creating the ideal aesthetic finish for each state of the art technical project.

R&D Centers

We have 16 R&D centers worldwide that support our manufacturing capabilities. As of December 31, 2017, we had 1,365 engineers spread across our R&D centers worldwide.

Global Lighting Business

The following table sets forth certain details with respect to our R&D centers for VLS:

Facility	Location	Leased/owned	Products	Date of Commissioning	Certifications
Plymouth	Michigan, US	Leased	Lighting	2000	NA
Novy Jicin	Czech Republic	Leased	Lighting	1879	NA
Rychvald	Czech Republic	Leased	Lighting	2016	NA
Monterrey	Mexico	Owned	Lighting	1988	NA
Cologne	Germany	Leased	Lighting	2014	NA
Changzhou	China	Owned	Lighting	1995	NA
Chongqing	China	Owned	Lighting	2017	NA
India Pune (VEPL: R&D (New tech center))	India	Leased	Lighting	2005	NA
Engineering and administrative office	Poland	Leased	Lighting	2018	NA

India Business

The following table sets forth certain details with respect to our R&D centers for our India Business:

Facility	Location	Leased/owed	Products	Date of Receipt of Approval
VPPL- R & D	Aurangabad	Leased	Polymer products	31st December 2010 (DSIR)
VEPL Forging	Aurangabad	Leased	Forging and machining	2nd February 2011 (DSIR)
DIPL Valves…………….	Aurangabad	Leased	IC Engine Inlet & Exhaust valve	27th July 2015 (DSIR)
VEPL Chakan....................	Chakan, Pune	Leased	Development of next generation technologies for emission and energy conservation of 2-wheeler automobile segment. The main focus is use of LED lighting	2nd February 2011 (DSIR)
VEPL Takve…………….	Takve, Pune	Owned	Development of next generation technologies for emission and energy conservation of 2-wheeler automobile	20th June 2011 (DSIR)

Facility	Location	Leased/owed	Products	Date of Receipt of Approval
			segment. The main focus is use of LED lighting	

Other Businesses

The following table sets forth certain details with respect to our R&D centers for Triom:

Facility	Location	Leased/owned	Products	Date of Commissioning	Certifications
Triom Italy..........................	Cambiano, Italy	Leased	HL/TL/TI	1983	ISO TS 16949
Triom: Electromures (Romania)..........................	Targu Mures	Owned	Electronics	2012	ISO TS 16949

Case Studies

Matrix Headlamp for a British luxury carmaker

In 2015 we entered into an agreement with a British luxury carmaker with the goal of producing a "next generation" headlamp. In particular, the customer sought a headlamp with full matrix capability, top end performance and a "lit crystal bezel". As a result of this process, we implemented the industry's first "full lit bezel with crystal appearance."

Cross-Carline Matrix / LASER Modules for a British premium car marker

In 2016 we entered into an agreement with a British premium car maker to develop and produce headlamps for 4 models in the SUV segment. In particular, the customer sought to utilize common modules to deliver leading edge advanced and adaptive driving beams and LASER technology. We designed three levels of advanced and adaptive driving beams, ranging from basic matrix light to high-resolution pixel versions, and provided laser high beam boost modules.

Raw Materials

Global Lighting Business

The principal raw material we use in our production of exterior automotive lighting is resin.

India Business

Our primary raw materials are polypropylene, acrylonitrile butadiene styrene, polyol, paint, master batch, isocynate, rexine and glass for our India Business, and forged quality steel for our metallic business. For FY2017, in our India Business (which comprises VEPL, VPPL and Durovalves India) our total raw materials costs of accounted for 57.29% of total revenue from operations.

Supply arrangements

With regard to raw material sourcing, whilst we enter into general purchase agreements with our suppliers, we do not enter into any firm commitment for long-term contracts. For our Global Lighting Business, we typically agree a fixed per-unit price for raw materials for each purchase order; for that purchase order, we bear the raw material price risk. Depending on how raw material prices fluctuate, we may then be able to adjust the raw material prices for future purchase orders. See "*Operating Costs, Efficiencies and Raw Material Costs*" on page 533 of this Draft Red Herring Prospectus for further details regarding our supply contracts. In India, we primarily purchase raw materials back-to-back and in line with the terms and prices that are agreed with our customers, either from suppliers stipulated by our customers or those suggested by us and approved by our customers.

Utilities

Energy and water

We consume water and electricity in order to power our operations and for our production processes. We are conscious of water being a precious resource and therefore undertake water conservation measures on an ongoing basis. To the extent possible, we also reuse water in order to reduce wastage. Water is reused for gardening after treatment at an effluent treatment plant and sewage treatment plants, sprinklers and drip irrigation as well as spring return valves are used in gardening in order to reduce water wastage.

We source most of our electricity requirements for our manufacturing facilities from state electricity boards and to a lesser extent, third-party suppliers. We also own windmills and a solar power plant, which together generate 13.35MW of electricity annually. Our plants supply electricity to the grid, the value of which becomes discounted from the cost of electricity we are charged from the grid. For energy conservation measures we have taken, please see "*Health, Employee Safety and Environment*" at page 211 of this Draft Red Herring Prospectus.

Transportation

Typically, our products are shipped to our OEM customers. In a few cases, our customers may directly pick up the goods at our own facilities. The mode of transportation for a particular shipment is dependent on the urgency, size and value of the order. Our domestic operations use a number of different modes of transportation including road, air and rail transportation to supply our customers within their required deadlines. We manage the transportation requirements for such domestic or inbound freight directly. Where a shipment is outbound overseas, we use a number of different modes of transportation including road, air and sea transportation. We also utilize third party freight forwarders who contract with the relevant ocean carriers and airlines on our behalf, and engage third party logistics services providers to provide support on our transportation requirements. These third party service providers ensure our transportation rates are competitive and that our transportation carriers are performing as required.

Employees

As of December 31, 2017 we employed 14,301 full-time employees across the globe (excluding those employed at our China JV).

As at December 31, 2017, many of our employees are members of labour unions. We have in the past entered into labour union agreements, for the mutual benefit of our employees and our business, as we recognise that employee satisfaction impacts upon productivity, quality of product, employee engagement and employee discipline. Such agreements have involved, inter alia, agreeing revised wage structures, ex-gratia payments, interest free loans, attendance bonuses and the provision of or enhancement of insurance policies as a quid pro quo for employee agreement to adhere to specified disciplinary rules, codes of conduct, rules on absenteeism, productivity and quality standards and other miscellaneous terms and conditions.

In addition to our full-time employees, we frequently hire workers on a contractual basis through registered contractors for some of our ancillary activities. Such activities include packing, material handling, housekeeping, cleaning, gardening, driving, security and canteen services.

We have experienced strikes resulting in work stoppages at our plants in the past. For example, workmen at our VEPL III (Chakan, Pune India) plant went on strike on August 5, 2015, for which the Industrial Court granted our request for an injunction to restrain entry of the striking employees within 1km of the plant's vicinity. The strike continued throughout August and September 2015, during which union representatives and management entered into discussions regarding the employees' concerns. The discussions resulted in a settlement agreement being agreed by the management and union representatives, which was signed on October 8, 2015, for a duration of 42 months.

Health, Employee Safety and Environment

Health, employee safety and the environment is among our top priorities and is seen as both a right and a responsibility for all our employees. We take initiatives to reduce the risk of accidents and prevent environmental pollution through implementing a five-pronged environment, occupational health and safety ("**EOHS**") plan which is based on the requirements of ISO 14001 on OHSAS 18000. First, we seek to eliminate exposure to serious accidents by identifying hazards and reducing the total number of accidents. Second, we work towards preserving our industrial assets by achieving compliance with all applicable legal norms. Third, through a systematic approach towards training and development, we hope to enhance our managers' skills such that these concerns will be efficiently managed. Fourth, we remain conscious of the impact our industrial activities have on our environment, and actively monitor and minimize the environmental impact of our operations. Fifth, we seek to prevent occupational disease and maintain employee health and safety by maintaining industrial hygiene at work places. We also maintain public liability act insurance for some of our plants and also have a commercial general liability policy for all our locations in India (limited to ₹25 million).

The EOHS plan is implemented on a group level and we are committed to measuring, evaluating and continually improving our EOHS performance by establishing goals and objectives through regular periodic management reviews and guidance. EOHS performance is reviewed periodically in order to monitor the EOHS performance of our plants and EOHS strategies are developed to achieve our EOHS objectives, which include:

- reduce the dependability of conventional energy sources through the use of renewable energy sources;
- having all our plants in India certified for environmental management systems, in accordance with the requirements of ISO 14001 and OHSAS 18001;
- proactively enriching the EOHS culture within key parts of our organisation;
- having a strong focus on the sustainability of our EOHS system and compliance with the system;
- developing EOHS competency in our organisation;
- having a proactive focus on upcoming legal requirements and internal mechanism of audits; and
- driving sustainability through various initiatives.

Health and employee safety

We are committed to maintaining high standards of workplace health and safety and we regard the safeguarding of such interests as one of our most fundamental responsibilities as an employer. We see safety as both a right and a responsibility for all employees and we aim to become a zero-accident organisation. Any mishaps or accidents at our facilities or any emission or leakage from our factory could lead to personal injury, property damage, production loss, adverse publicity and legal claims. It is therefore important that we maintain the Occupational Health and Safety certification in relation to our management of the safety of our people and property.

In FY2017 we experienced a work-related fatality of an employee at our plant in China and a work-related fatality of a third party at our plant in the Czech Republic. Moreover, in FY2016 and FY2017, we experienced nine work-related injuries at our plants in the Czech Republic, namely Novy Jicin and Rychvald. Following each incident, we conducted a thorough internal investigation as to the reasons that each incident occurred, and organized safety stand downs at all our VLS plants, aimed to minimize the risk of similar future incidents. For risks associated with such incidents, please see "*Risk Factors - We regularly work with hazardous materials and activities in our operation can be dangerous, which could cause injuries to people or property.*" on page 33 of this Draft Red Herring Prospectus.

As of December 31, 2017, 17 of our plants in India have been certified for environmental management systems, in accordance with the requirements of ISO 14001 and OHSAS 18001.

Environment

In addition to creating initiatives to improve workplace employee safety, we also implement initiatives to reduce the environmental impact of our operations.

As at December 31, 2017, we have obtained, or are in the process of renewing, all material environmental consents and licenses from the relevant governmental agencies that are necessary for us to carry on our business. Our activities are subject to environmental laws and regulations, which govern, among other things, air emissions, wastewater discharges, the handling, storage and disposal of hazardous substances and wastes, the remediation of contaminated sites and natural resource damages. We have an automated internal system to track laws applicable to us. For further details on approvals relating to our business and operations, please see "*Government and Other Approvals*" on page 562 of this Draft Red Herring Prospectus.

As part of our commitment to the environment, we have set up three wind power plants, totalling 12 windmills with an aggregate power generation capacity of 8.35 MW. These windmills are located at three different locations, with four windmills at Supa, Maharashtra with power generation capacity of 1 MW each, six windmills at Satara, Maharashtra with power generation capacity of 0.35 MW each and two windmills at Jaisalmer, Rajasthan with power generation capacities of 1 MW and 1.25 MW each. The power generated at Supa and Satara is consumed by our plants located at Waluj and Aurangabad and the power generated at Jaisalmer is sold to Rajasthan Vidyut Board as per the Power Purchase Agreement executed with the Rajasthan and Jodhpur Vidyut Nigams.

We have also set up a solar plant at Shiwaji Nagar Sakri Dist Dhule, which has a power generation capacity of 5 MW. The power generated by the solar plant is used by our forging plant in Aurangabad.

Further, we have initiated the setup of solar panels at eight of our plants that have sufficient roof space for the installations, with total power generation capacity of 4.2 MW.

Intellectual Property

Our portfolio of intellectual property includes patents, designs, trade secrets, licenses and trademarks. We emphasize the protection of our intellectual property through the engagement of lawyers who specialize in the protection of intellectual property rights. In addition, in India, we have specific individuals tasked with registering intellectual property rights and investigating potential infringement of intellectual property rights.

On 12 February 2010 an Indian company named Varroc Life Sciences Pvt. Ltd. ("**VLSP**") was registered by the registrar of companies without seeking a No Objection Certificate. VLSP subsequently applied for registration of the trade mark "Varroc". Upon becoming aware of the same, we approached the registrar of companies to request that VLSP be struck off the register and also challenged the application filed by VLSP for the registration of the trade mark. We filed a writ of petition before the Aurangabad Bench of the Honourable High Court of Bombay on both issues; the matter is still pending before the High Court for hearing. In the interim, VLSP has abandoned their application to register the trade mark.

Other instances of alleged intellectual property rights infringement have included: (a) trademark infringement by IGB Motorcycle Parts SAS, Colombia in Colombia, in relation to which we have issued a notice challenging the use of our trademarks; (b) an attempt by Leader Automobile Pvt. Ltd. to register trademarks identical to VLS' label and logo in Sri Lanka, with the Sri Lankan Trademark Authority refusing the application following the filing of a Notice of Opposition and Leader Automobile Pvt. Ltd.'s failure to file observations to the same; (c) the registration of trademarks similar to VLS' by Ruian Yizhou Auto Parts Co. Ltd. in China, following which we filed position and appeals with the Chinese trademarks authority which were subsequently rejected; and (d) the registration of VLS' logo by David & Emily Import Company in Ecuador, with the trademark granted subsequently assigned to VLS following filings before the Trademark Registry in Ecuador.

We have taken a number of measures to protect our intellectual property to mitigate the emergence of counterfeit products. For example, we proactively register our logo and symbol in the jurisdictions we are present in as well as the jurisdictions to which we intend to export. For more information, see "*Risk Factors – Our efforts in obtaining and protecting our patents may be costly and unsuccessful, which may have an adverse effect on our business and results of operations*" on page 28 of this Draft Red Herring Prospectus.

Patents

Our patent portfolio covers the technical aspects of our products and the processes for making those products. We have been granted 184 patents to date, all of which relate to lighting systems. In addition, we have developed substantial manufacturing expertise that we believe provides a competitive advantage in the marketplace.

Trademark

We view our mark, "Varroc", as a material asset. As such, we registered our mark and logo with the Trademark Registry in Mumbai and have been granted a Certificate of Registration, and we proactively register our trademark in jurisdictions in which we are currently located and jurisdictions in which we plan on being located or plan on making sales within. Our trademark for the word and label "Varroc" are both valid in India up to June 17, 2022 and October 28, 2023, respectively. We have also registered our trademarks (the Varroc label and logo) in India, the European Union and in over 20 foreign countries.

Corporate Social Responsibility

Our commitment to corporate social responsibility is demonstrated in how we conduct our business by providing a safe workplace for our employees, minimising any impact to the environment, being a positive corporate citizen in the communities in which we operate and prioritising ethical business practices at all our global locations. Each of these principles influence our strategy planning, decision making process and daily operations.

Our external corporate social responsibility programmes extend beyond monetary contributions and instead feature carefully planned initiatives, which vary with the needs of the communities in which we operate. We have undertaken several corporate social responsibility programmes in the areas of green initiatives, rural development, and stewardship of aspiring talents as well as history conservation.

We spent ₹25.5 million and ₹28.3 million in FY2017 and 9M FY2018, respectively, on corporate social responsibility initiatives.

Green Initiative

We strive to build a better planet for future generations and preserving the environment is one of our key priorities. The Kham River in Aurangabad had been polluted with liquid and solid wastes of the whole city, turning it into a stinking drain and a breeding ground for mosquitos. We breathed new life into the Kham River by clearing the riverbed using modern technology like the Green Bridge System, which provided ecologically corrected free-flowing water for downstream irrigation. We also cleared the riverfront of unwanted toxins thereby making it more aesthetically pleasing, and invested in a solar power plant and wind power plant allowing clean and sustainable energy to be harnessed.

To safeguard our environment, we also look to generate energy from alternative sources where possible. We own windmills in Satara, Supa and Jaisalmer to help the people living in these power-scarce areas, and have developed a solar powered lantern for domestic lighting for the benefit of such communities. We have also set up the Surya Kiran Solar Plant in Sakri Dist Dhule, which generates the power used by our plant in Aurangabad.

In addition, we have also undertaken several major initiatives to replenish water in the communities in which we operate.

Rural Development

Recognising the importance of education as one of the most powerful tools for reducing poverty and inequality, our education programme supports educational events like the "Society of Automotive Engineers' Mini Baja Competition" and sponsors outstanding underprivileged students to the London International Youth Science Forum so as to make such opportunities accessible to the underprivileged communities.

Aspiring Talents

Through our aspiring talents initiative, we enable talented individuals from economically disadvantaged households to achieve sporting excellence through sponsorship and provide such individuals with training and equipment. This initiative runs through various sporting disciplines ranging from cricket, football, volleyball, ice hockey, tennis, badminton and chess. Selected individuals are given coaching, uniforms and sporting kits at no cost.

Insurance

Our operations are subject to various risks inherent in the automotive industry as well as theft, natural disasters, spread of communicable diseases, acts of terrorism and other unforeseen events. We maintain insurance cover for our properties in India and abroad, and our policies cover, among others, protection from fire, special perils, burglary, public liability, product liability, product recall and financial loss. We also maintain a variety of marine and employee insurance policies such as group personal accident policy and workmen compensation policy. We also maintain insurance for our directors' and senior officers' liability up to a cap of ₹120 million for any one claim or in the aggregate for all claims made. We maintain public liability act insurance for some of our plants and also have a commercial general liability policy for all our locations in India (limited to ₹25 million).

Our insurance coverage is in accordance with industry customs, including the terms and scope of the coverage provided by such insurance. We generally insure our assets based on their replacement value, which is generally higher than the carrying value of our assets in our financial statements. Notwithstanding the above, our policies are nonetheless subject to standard limitations. For example, in the case of business interruption, limitations apply with respect to the length of the interruption covered and the maximum amount that can be claimed. Therefore, insurance might not necessarily cover all losses incurred by us and we cannot provide any assurance that we will not incur losses or suffer claims beyond the limits of, or outside the relevant coverage of, our insurance policies. See "*Risk Factors – Our insurance coverage may not be adequate to protect us against all potential losses, which may have a material adverse effect on our business, financial condition and results of operations.*" on page 38 of this Draft Red Herring Prospectus for further information.

Competition

The automotive component industry is extremely competitive and we face intense competition both domestically and internationally. The key factors of competition are quality, cost, delivery, development and management. Typically, large suppliers work only with a limited number of OEMs. Consequently, we do not have a single competitor across all our product ranges.

The leading competitive players within the various product ranges in which we operate include:

Global Lighting Business

Koito, Magneti Marelli, Valeo, Stanley and Hella;

India Business

- Polymer segment: AG Industries, Bharat Seats Ltd, Roki Minda Company Pvt. Ltd. and Sandhar Technologies.
- Electrical segment: Bosch Automotive Electronics India Pvt. Ltd., DENSO India Pvt. Ltd, Flash Electronics Pvt. Ltd., India Nippon Electrical Ltd., JNS Instruments Ltd., Keilhin Fie Pvt. Ltd., Lucas TVS Ltd., Mitsuba Sical Pvt Ltd., Napino Auto and Electronics Ltd. and Pricol Ltd.
- Engine valve segment: Eaton Industrial Systems Pvt. Ltd., Federal-Mogul Goetze (India) Ltd., Mahle Engine Components India Pvt. Ltd., Rane Engine Valves Ltd., Shriram Piston and Rings Ltd.
- Forged components segment (88): Kalyani Forge Ltd., Mahindra CIE Automotive Ltd., Metalyst Forgings Ltd., Ram Krishna Forgings Limited, Sundram Fasteners Ltd.
- Lighting segment: Fiem Industries Ltd. and Lumax Auto Technologies Ltd.

Legal Proceedings

For details on any outstanding litigation against our Company, our Subsidiaries and our Directors, see "*Outstanding Litigation and other Material Developments*" beginning on page 557 of this Draft Red Herring Prospectus.

Awards

Our subsidiaries, our joint ventures and we have won numerous awards, such as:

Awards		
Year	**Recipient**	**Award**
2014	Varroc Lighting Systems S.R.O.	Varroc Czech Republic named one of the Top 100 Companies in the Czech Republic
2014	VPPL	"New Part Development Award" by Honda Motorcycle and Scooter India Private Limited

Awards		
Year	**Recipient**	**Award**
2014	Varroc Lighting Systems S.R.O.	2014 Innovative Company of the Year Award
2015	Varroc Lighting Systems S.R.O.	PSA Best Plant Award
2016	Varroc Group	"Emerging Manufacturing Giant" by the chief minister of Maharashtra, India, Mr. Devendra Fadnavis, on behalf of Indian Merchant Chambers
2016	VEPL	Overall Performance Award by Maruti Suzuki
2016	VEPL	Supplier Quality Excellence Award by General Motors
2016	VPPL	National Safety council awarded us for lowest average frequency accident rate and zero accident frequency rate
2017	Varroc Lighting Systems S.R.O.	Jaguar Land Rover Global supplier of the year award
2017	VLS North America	FCA Innovation award for Dodge Challenge Head Lamp
2017	Varroc TYC Auto Lamps	2016 General Motors Quality Excellence award
2017	Varroc TYC Auto Lamps	Ford Q1 Award - Only 2nd lighting supplier in China to receive award
2017	VEPL	Maruti Suzuki awarded for Overall performance of the year
2017	VEPL	Excellence in Automotive Lighting by the International Centre for Automotive Technology
2017	VEPL	Electronics Co. of the year by ELCINA
2018	VPPL	FCA – Best Quality Performance in 2017 Award

REGULATIONS AND POLICIES IN INDIA

The following description is a brief summary of the relevant regulations, policies and plans which are applicable to our Company and its business. The information detailed in this chapter has been obtained from the websites of the relevant regulators and publications available in the public domain. The regulations set out below are not exhaustive, and are only intended to provide general information to the Bidders and are neither designed nor intended to be a substitute for professional legal advice. For details of government approvals obtained by our Company in compliance with these regulations, please see "*Government and Other Approvals*" on page 562 of this Draft Red Herring Prospectus. The statements below are based on the current provisions of applicable law, and remain subject to judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

KEY REGULATIONS IN INDIA

Key Industry Regulations

Our Company deals in the manufacturing of automotive components. For the purpose of the business undertaken by our Company, our Company is regulated by various general and sector-specific laws and regulations in India, and is accordingly required to obtain certain licenses and approvals under the prevailing laws and regulations as applicable. The industry is regulated in India by the following regulations and policies:

Regulation of the automotive components manufacturing industry

The National Auto Policy

The National Auto Policy, 2002, as amended ("**National Auto Policy**") was introduced by the Department of Heavy Industries, Ministry of Heavy Industries and Public Enterprises, GoI in March 2002, with the aim, among others, to promote a globally competitive automotive industry and emerge as a global source for auto components, ensure a balanced transition to open trade at a minimal risk to the Indian economy and local industry, to encourage modernisation of the industry and facilitate indigenous design, research and development and to develop domestic safety and environmental standards at par with international standards.

Automotive Mission Plan, 2016-2026

The Ministry of Heavy Industries and Public Enterprises, GoI released the Automotive Mission Plan 2016-26 ("**AMP**") in September 2015. The objective of AMP was to propel the Indian automotive industry and aid the "Make in India" programme, promote safe, efficient and comfortable mobility for every person in the country, with focus on environmental protection and affordability through both public and personal transport options and to seek increase of net exports of the Indian automotive industry several fold.

The AMP aims at bringing the Indian automotive industry among the top three of the world in engineering, manufacture and exports of vehicles and components; growing in value to over 12% of India GDP and generating an additional 65 million jobs. AMP also seeks to define the trajectory of evolution of the automotive ecosystem in India including the glide path of specific regulations and policies that govern research, design, technology, testing, manufacturing, import/export, sale, use, repair, and recycling of automotive vehicles, components and services. It is aimed at multiple stakeholders in India and overseas, and seeks to communicate the Government and industry's intent and objectives pertaining to the Indian automotive industry, comprising the automotive vehicle manufacturers, the auto-component manufacturers and tractor manufacturers who operate in India.

Regulation of the manufacturing sector

The primary central legislation governing the manufacturing sector is the Factories Act, 1948, as amended. In addition to this, compliance has to be ensured with various labour related legislations, including the Payment of Gratuity Act 1972, the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Employees State Insurance Act, 1948 and the Contract Labour (Regulation and Abolition) Act, 1970, each as amended.

Export Promotion Capital Goods Scheme ("The 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 prescribed amount of their goods manufactured or services rendered (such amount being a multiple of the duty saved) within a specified period. Export obligations can be fulfilled by physical exports or by way of "deemed exports", which are transactions deemed to be exports.

Duty Drawback Scheme

The duty drawback scheme is an option available to exporters. Under this scheme, exporter of goods is allowed to take back refund of money to compensate him for excise duty paid on the inputs used in the products exported by him. It neutralizes the duty impact in the goods exported. Relief of customs and central excise duties suffered on the inputs used in the manufacture of export product is allowed to exporters. The admissible duty drawback amount is paid to exporters by depositing it into their nominated bank account. Section 75 of the Customs Act, 1962 and Section 37 of the Central Excise Act, 1944, empower the Central Government to grant such duty drawback.

Customs and Central Excise Duties Drawback Rules, 2017 ("the **Drawback Rules, 2017**") were made effective from October 1, 2017. With this, the earlier Customs, Central Excise Duties and Service Tax Drawback Rules, 1995 ceased to operate. The Central Government revised all industry rates of drawback vide Notification No. 89/2017-Customs (N.T.), which came into force on October 1, 2017. Additionally, definition of drawback was amended to provide for drawback of Customs and Central Excise duties excluding integrated tax and compensation cess leviable under of the Customs Tariff Act, 1975, references to input services and service tax were omitted and the composite rates of Drawback was discontinued with effect from October 1, 2017.

Merchandise Exports from India Scheme (the "MEI Scheme")

Pursuant to the Foreign Trade Policy (2015-2020), the MEI Scheme was introduced to provide rewards to exporters to offset infrastructure inefficiencies and associated costs in export of goods, especially those having high export intensity, employment potential and ability to enhance India's export competitiveness. Export of notified goods to notified markets are rewarded under the MEI Scheme. The basis for calculation of the reward under the MEI Scheme is on the Free on Board ("FOB") value of exports realized in free foreign exchange or on the FOB value of exports mentioned in the shipping bill, whichever is less, unless otherwise specified. With effect from June 1, 2015, the MEI Scheme mandatorily requires a declaration of intent to be endorsed on the shipping bills (except free shipping bills) to be eligible to claim any reward under the MEI Scheme.

Bureau of Indian Standards Act, 2016 ("BIS Act")

The BIS Act provides for the establishment of the Bureau of Indian Standards ("BIS") for the development of activities of standardization, conformity assessment and quality certification of goods, articles, processes, systems and services. The BIS Act provides for the functions of the BIS which includes, among others (a) publish, establish and promote Indian standards; (b) specify as Indian standard, any standard, established by any other institution in India or elsewhere, in relation to article or process; (c) undertake research for formulation of Indian standards. The BIS Act empowers the Central Government to order compulsory use of standard mark for any goods or article if it finds it expedient to do so in public interest. The BIS Act also provides the penalties in case there is a contravention of the provisions of the BIS Act.

Electronics and Information Technology Goods (Requirements for Compulsory Registration) Order, 2012 ("Compulsory Registration Order")

The Compulsory Registration Order mandates that the manufacturing, storage, import, sale or distribution of goods which do not meet the specified standard and/or bear a self-declaration confirming conformance to relevant Indian standard is prohibited. The only exception is for those goods which are manufactured for export. Further, any sub-standard or defective goods must be deformed beyond use by the manufacturer and disposed of as scrap. The Compulsory Registration Order is issued by the Department of Electronics and Information Technology, Ministry of Communication and Information Technology, Government of India ("DEIT").

The Electrical Wires, Cables, Appliances and Protection Devices and Accessories (Quality Control) Order, 2003 ("Quality Control Order")

The Quality Control Order sets out directions and specified standards for a manufacturer for the manufacture, storage for sale, sale and distribution of electrical wires, cables, appliances, protection devices (including low voltage switchgear and fuses) and accessories. It prohibits those products which do not conform to standards specified and those which do not near the standard mark issued by the Bureau of Indian Standards ("BIS"), and further requires any sub-standard or defective electrical wires, cables, appliances, protection devices or accessories to be deformed by such manufacturer beyond use and disposed of as scrap. Further, it directs that the commencement of manufacturing of such electrical equipment can only after obtaining a license from the BIS for the use of standard mark. The Central Government is authorized to appoint an officer who shall be empowered to inspect any books or documents, search any premises, seize any electric equipment, as well as require any person engaged in the manufacture, storage, sale or distribution of electrical equipment to furnish information and samples, in the case of contravention of the Quality Control Order.

INTELLECTUAL PROPERTY RIGHTS

In India, patents, trademarks and copyrights enjoy protection under both statutory and under 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 and the Trade Marks Act, 1999.

ENVIRONMENTAL LEGISLATIONS

The major statutes in India which seek to regulate and protect the environment against pollution related activities in India are the Water (Prevention and Control of Pollution) Act 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Environment Protection Act, 1986 and the rules and regulations thereunder and The Hazardous and other Wastes (Management and Transboundary Movement) Rules, 2016. Pollution Control Boards ("PCBs"), which are vested with diverse powers to deal with water and air pollution, have been set up in each state to control and prevent pollution. The PCBs are responsible for setting the standards for the maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking investigations to ensure that industries are functioning in compliance with the standards prescribed. All industries and factories are required to obtain consent orders from the PCBs, and these orders are required to be renewed annually.

LABOUR LAWS AND OTHER LAWS

Depending on the nature of work and number of workers employed at any workplace, various labour related legislations may apply to us. The following is an indicative list of labour laws applicable to our operations in India:

- The Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- The Industrial Disputes Act, 1947;
- The Employees' State Insurance Act, 1948;
- The Factories Act, 1948;
- The Maternity Benefit Act, 1961;
- The Contract Labour (Regulation and Abolition) Act, 1970;
- The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;
- The Employee's Compensation Act, 1923;
- The Minimum Wages Act, 1948;
- The Payment of Wages Act, 1936;
- The Payment of Gratuity Act, 1972;
- The Payment of Bonus Act, 1965;
- The Industrial Employment (Standing Orders) Act, 1946;
- The Trade Unions Act, 1926; and
- The Legal Metrology Act, 2009

Other laws

In addition to the above, our Company is also required to comply with the provisions of the Companies Act and rules framed thereunder and other applicable statutes imposed by the Centre or the State Government. Various central and state tax laws are applicable to our Company. In addition to the above, the Indian Contract Act, 1872, the Specific Relief Act, 1963, the Sale of Goods Act, 1930 shall be applicable to our Company.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated on May 11, 1988 at Mumbai as Varroc Engineering Private Limited, a private limited company under the provisions of the Companies Act, 1956. On July 1, 1997, our Company was converted into a deemed public company under section 43A (1A) of the Companies Act, 1956 and the word "Private" was deleted from the name of our Company. Thereafter, on January 24, 2001 our Company was converted into a private company under section 43A (2A) of the Companies Act, 1956 and the word "Private" was added to the name of our Company. Subsequently, our Company was converted into a public limited company pursuant to approval of the Shareholders at an extraordinary general meeting held on January 25, 2018. On February 5, 2018, the name of our Company was changed to Varroc Engineering Limited and a fresh certificate of incorporation consequent upon conversion to a public limited company was issued to our Company by the RoC.

Business and management

For a description of our business activities, products offered, technology used, market and geographical segments, the growth of our business, capacity built up, exports and details of foreign operations, the standing of our Company with reference to prominent competitors in connection with our services, management and managerial competence, major suppliers and customers, environmental issues, if any, and risks involved with our business and operations etc., see "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", *"Risk Factors"* and *"Our Management"* on pages 180, 529, 19 and 239, respectively.

As on the date of this Draft Red Herring Prospectus, our Company has eight Shareholders. For more details on the shareholding pattern, see "*Capital Structure*" on page 105.

Changes in the Registered Office

Change in address		Date of change	Reason
From	To		
Bhagwati Bhavan, 1st floor, 31-B, M.L. Dahanukar Marg, Mumbai-400 026	Plot No. E-4, MIDC, Waluj, Aurangabad-431 136	April 1, 2002	To facilitate operational convenience
Plot No. E-4, MIDC, Waluj, Aurangabad-431 136	L-4, MIDC, Waluj, Aurangabad-431 136	December 1, 2013	To facilitate operational convenience

Main Objects of our Company

The main objects as contained in Clause III A of the Memorandum of Association include the following:

(1) To carry on business as electrical engineers, iron founders, mechanical engineers, tool-makers, die casters, brass founders, metal workers, machinists, iron and steel converters and processors, smiths and manufacturers of electrical instruments, apparatus, equipments, tools motors generators, welders, electroplating apparatus and other machinery.

(2) To carry on business of manufacturers, importers exporters, buyers, sellers distributors, dealers, sub-contractors, repairers, agents of all kinds of machines, tools, dies, jigs, fixtures, patterns, designs, plants, apparatus, utensils, hardware materials, plastic goods, implements, spare parts, accessories and components of all description whether electrical mechanical or otherwise.

(3) To carry on the business of merchants manufacturers, importers, exporters sellers, buyers dealers and agents for sale and purchase in spare parts and accessories of Automobiles, electric motors and generators transformers, switchgear, meters, instruments, wires and cables, lamps, fans, fittings, electro-medical and X-ray apparatus, heaters, radiators, ovens, refrigerator, Air-conditioning equipment and appliances, and various other kind of electrical machinery instruments, apparatus and goods and component parts.

3(a)To generate electrical power through/by any method/process/source including coal, gas, lignite, oil, bio-mass, waste, thermal, solar, geohydel, wind, tidal waves within or outside India for own consumption and/or supplying for domestic, industrial or any other purpose whatsoever.

3(b)To buy, sell, supply, exchange, market, function as a licensee and otherwise deal in power and energy, transmission and distribution systems for distribution, transmission and supply of energy and for that purpose to own, acquire, erect, construct, establish, maintain, improve, manage, operate, alter, carry on, control, take on hire, lease power generation plants of all kinds including co-generation plants, wind farms, solar farms, hydel projects, thermal power stations.

3(c)To carry on business of manufacturing, producing, buying, selling, importing, exporting, repairing, servicing and dealing in every way in parts and things required for and capable of being used for or in connection with generation, transformation, transmission, carriage, preparation, radiation, distribution, conduction, conversion insulation, supply, measurement, accumulation and employment of electricity, heat, light, gas, atomic, solar, wind or any other form of energy whatsoever.

The main objects as contained in the Memorandum of Association enable our Company to carry on the business presently. No new activities are proposed to be undertaken pursuant to the objects of the Offer as the Offer solely comprises of the Offer for Sale and our Company shall not receive any proceeds from the Offer.

Amendments to our Memorandum of Association

Set out below are the amendments to our Memorandum of Association since the incorporation of our Company:

Date of amendment	Particulars
August 6, 1998	The capital clause of the Memorandum of Association was substituted to reflect the increase in the authorised capital of our Company from ₹ 2,500,000 comprising 250,000 equity shares of ₹ 10 to ₹ 10,000,000 comprising 1,000,000 equity shares of ₹ 10 each.
March 28, 2000	The object clause of the Memorandum of Association was altered by inserting new sub-clauses 3(a), 3(b) and 3(c) to reflect the following: *"3(a) To generate electrical power through/by any method/process/source including coal, gas, lignite, oil, bio-mass, waste, thermal, solar, geohydel, wind, tidal waves within or outside India for own consumption and/or supplying for domestic, industrial or any other purpose whatsoever.* *3(b) To buy, sell, supply, exchange, market, function as a licensee and otherwise deal in power and energy, transmission and distribution systems for distribution, transmission and supply of energy and for that purpose to own, acquire, erect, construct, establish, maintain, improve, manage, operate, alter, carry on, control, take on hire, lease power generation plants of all kinds including co-generation plants, wind farms, solar farms, hydel projects, thermal power stations.* *3(c) To carry on business of manufacturing, producing, buying, selling, importing, exporting, repairing, servicing and dealing in every way in parts and things required for and capable of being used for or in connection with generation, transformation, transmission, carriage, preparation, radiation, distribution, conduction, conversion insulation, supply, measurement, accumulation and employment of electricity, heat, light, gas, atomic, solar, wind or any other form of energy whatsoever."*
December 20, 2008	The capital clause of the Memorandum of Association was substituted to reflect the increase in the authorised share capital of our Company from ₹ 10,000,000 comprising 1,000,000 equity shares of ₹ 10 each to ₹ 310,000,000 comprising 1,000,000 equity shares of ₹ 10 each and 30,000,000 cumulative or non-cumulative redeemable or convertible preference shares of ₹ 10 each.
January 24, 2011	The capital clause of the Memorandum of Association was substituted to reflect the re-classification of authorised share capital of our Company from ₹ 310,000,000 comprising of 1,000,000 equity shares of ₹ 10 each and 30,000,000 preference shares of ₹ 10 each to ₹ 310,000,000 comprising of 11,000,000 equity shares of ₹ 10 each and 20,000,000 preference shares of ₹ 10 each.

Date of amendment	Particulars
March 10, 2014	The capital clause of the Memorandum of Association was substituted to reflect the increase in the authorised share capital of our Company from ₹ 310,000,000 comprising of 11,000,000 equity shares of ₹ 10 each and 20,000,000 preference shares of ₹ 10 each to ₹ 420,000,000 comprising 11,000,000 equity shares of ₹ 10 each and 31,000,000 preference shares of ₹ 10 each.
October 18, 2016 *	The capital clause of the Memorandum of Association was substituted to reflect the increase in the authorised share capital of our Company from ₹ 420,000,000 comprising 11,000,000 equity shares of ₹ 10 each and 31,000,000 preference shares of ₹ 10 each to ₹ 450,000,000 comprising 14,000,000 equity shares of ₹ 10 each and 31,000,000 preference shares of ₹ 10 each.
March 10, 2017	The capital clause of the Memorandum of Association was substituted to reflect the increase in the authorised share capital of our Company from ₹ 450,000,000 comprising 14,000,000 equity shares of ₹ 10 each and 31,000,000 preference shares of ₹ 10 each to ₹ 500,000,000 comprising 16,500,000 equity shares of ₹ 10 each and 33,500,000 preference shares of ₹ 10 each.
January 25, 2018	The name clause of the Memorandum of Association was altered to reflect its conversion from a private limited company to a public limited company.
	The capital clause of the Memorandum of Association was substituted to reflect the sub-division of face value in the authorised share capital of our Company from ₹ 500,000,000 comprising 16,500,000 equity shares of ₹ 10 each and 33,500,000 preference shares of ₹ 10 each to ₹ 500,000,000 comprising 165,000,000 Equity Shares of ₹ 1 each and 335,000,000 Preference Shares of ₹ 1 each.
	The capital clause of the Memorandum of Association was substituted to reflect reclassification of the authorized capital of our Company. The authorized capital of our Company was classified from ₹ 500,000,000 comprising of 165,000,000 Equity Shares and 335,000,000 Preference Shares to ₹ 500,000,000 comprising of ₹ 250,000,000 divided into 250,000,000 Equity Shares of ₹ 1 each and ₹ 250,000,000 divided into 250,000,000 Preference Shares of ₹ 1 each.

* *The authorised share capital of our Company stood enhanced by ₹30,000,000 pursuant to the merger of VESPL with our Company for which the appointed date was April 1, 2015 and the effective date was October 18, 2016 of the Scheme of amalgamation between Varroc Exhaust Systems Private Limited ("VESPL") and our Company.*

Major events and milestones of our Company

The table below sets forth the key events in the history of our Company:

Financial year	Particulars
2005	Formed Varroc Exhaust Systems Private Limited to manufacture catalytic convertor for two-wheelers and three-wheelers
2007	• Formed a joint venture with Plastic Omnium Auto Exterior SAS, France • Acquired I.M.E.S., Italy
2008	Entered into a composite scheme of arrangement between Varroc Lighting Private Limited ("**VLPL**"), VPPL and our Company whereby VLPL was amalgamated with our Company and the polymer business of our Company was demerged into VPPL
2011	Acquired two-wheeler lighting business of TRI.O.M. S.p.A.
2012	Acquired the lighting division of Visteon Corporation
2014	Acquired of 50% stake in Varroc TYC Corporation, BVI from Viseton International Holdings Inc.
2014	Investment in our Company by Investor Selling Shareholders
2018	• Acquired 90% stake in Team Concepts through our Subsidiary VPPL • Investment in two- wheeler electronic fuel injection technology by entereing into a joint venture agreement with Dell'Orto S.p.A. • Investment in lighting manufacturing units in Brazil & Morocco • Diversified its business activities by acquiring Team Concepts, which is in the business of manufacturing of auto accessories.

Awards, achievements and certifications

For details, see "*Our Business*" on page 180.

Our Subsidiaries and Joint Ventures

For details, see "*Our Subsidiaries and Joint Ventures*" on page 227.

Capital raising activities through equity or debt

For details regarding our capital raising activities through equity, see "*Capital Structure*" on page 105. For details regarding our capital raising activities through debt instruments, see "*Financial Indebtedness*" on page 555.

Injunctions or restraining order against our Company

As of the date of this Draft Red Herring Prospectus, there are no injunctions or restraining orders against our Company.

Strike and lock-outs

Except as disclosed below, we have not experienced any strikes, lock-outs or instances of labour unrest in the past.

Sr. No.	Period of strike	Reason
1.	August 5, 2015 to September 18, 2015	Dispute in relation to disagreement on wage settlement by Shivkranti Kaamgar Sanghatana at Plant VEPL III.

Changes in activities of our Company during the last five years

Except as provided below, there has been no change in the activities of our Company during last five years, which may have had a material effect on the profits of our Company:

On August 1, 2012, our Company diversified its business activities by acquiring the lighting division of Visteon Corporation. Additionally, on November 29, 2017 our Company diversified its business activities by acquiring Team Concepts, which is in the business of manufacturing of auto accessories.

Time/cost overrun

There have been no time/cost overruns pertaining to our business operations since incorporation.

Defaults or rescheduling of borrowings with financial institutions/banks, conversion of loans into equity by our Company

a. Our Company has not defaulted under the terms of borrowings availed from any banks or financial institutions, except as disclosed below;

   For the Fiscal 2017, our Company was not in compliance with one financial covenant to maintain debt service coverage ratio greater than 1.2 ("**Financial Covenant**"), in term of the external commercial borrowing facility availed by our Company from ICICI Bank Limited. Further, ICICI Bank Limited, through its letter dated February 8, 2018, granted a specific waiver for the non-compliance of the Financial Covenant. Subsequently, our Company has been in compliance with the Financial Covenant.

b. The tenure of repayment of any loan availed by our Company from banks or financial institutions has not been rescheduled; and

c. No loan availed by our Company has been converted into Equity Shares.

Details of acquisition of business

Acquisition of I.M.E.S, Italy

In Fiscal 2007, our Company acquired 100% shares of I.M.E.S, Italy. I.M.E.S, Italy is involved in the business of manufacture of undercarriage components and sub-assemblies for earthmoving equipment and heavy components for oil and gas rigs. For details, see "*Our Subsidiaries and Joint Ventures*" on page 227.

Acquisition of TRI.O.M S.p.A

In Fiscal 2012, our Company through our Subsidiary, Aries Mentor, has acquired 80.00% shares in TRI.O.M. S.p.A. TRI.O.M S.p.A is involved in the business of manufacturing lighting equipment including head lights, tail lights and side indicators for two wheelers. For details, see "*Our Subsidiaries and Joint Ventures*" on page 227.

Acquisition of lighting business of Visteon Corporation

In Fiscal 2013, our Company, through our Subsidiary, VarrocCorp Holding B.V, acquired substantially all of the assets comprising of the lighting business of the Visteon Corporation. Subsequently in 2013, our Company, through our Subsidiary VarrocCorp Holding B.V., acquired 50% shares in Visteon TYC Corporation BVI which holds 100 percent shares of Varroc TYC Auto Lamps, which in turn wholly holds Varroc TYC Auto Lamps CQ. Varroc TYC Auto Lamps and Varroc TYC Auto Lamps CQ Are engaged in the production and sale of automobile lamps and the relevant components and in the research and development of automobile lamps. The name of Visteon TYC Corporation BVI was changed to Varroc TYC Corporation Limited, British Virgin Islands and it currently operates as a holding and finance company. Pursuant to acquisition of the lighting business of Visteon Corporation, our Company incorporated Varroc Lighting Systems GmbH, Varroc Lighting Systems, Inc., Varroc Lighting Systems, Mexico and Varroc Lighting Systems, S.R.O., which are involved in the business of manufacture, design and development of automotive components, supplying automotive exterior lighting for passenger cars and providing engineering solutions for the automotive industry.

Acquisition of Team Concepts

In Fiscal 2018, our Company through our Subsidiary, VPPL acquired 90 percent shareholding in Team Concepts. Team Concepts is involved in the business of manufacture and supply of automotive accessories and components. For details, see "*Our Subsidiaries and Joint Ventures*" on page 227.

Details of schemes of our Company

Composite scheme of arrangement between Varroc Lighting Private Limited ("VLPL"), Varroc Polymers Private Limited ("VPPL") and our Company ("Composite Scheme of Arrangement")

Pursuant to the Composite Scheme of Arrangement under Sections 391 to 394, Sections 100 to 105 and other relevant provisions of the Companies Act, 1956, and approved by the High Court of Bombay by its order dated January 1, 2008:

(a) VLPL was amalgamated with our Company;
(b) the polymer business of our Company was demerged into VPPL; and
(c) the share capital of VPPL was reduced and reorganized with effect from April 1, 2007 from ₹ 28,000,300 comprising 2,800,030 equity shares of ₹ 10 each to ₹ 2,800,030 comprising 280,003 equity shares of ₹ 10 each.

Pursuant to the amalgamation of VLPL into our Company, all properties, assets, liabilities and obligations of VLPL were transferred to and vested in our Company as on the appointed date, i.e. April 1, 2007. Since, VLPL was a wholly owned subsidiary of our Company, no new shares were issued in the course of the amalgamation.

As a result of the demerger of the polymer business of our Company into VPPL, the entire polymer business of our Company and the movable assets, debts, liabilities, duties and obligations of our Company relating to its polymer business were transferred to and vested in VPPL as on the appointed date, i.e. April 1, 2007. Upon transfer of our Company's polymer business into VPPL, VPPL issued and allotted to our Shareholders 8 fully paid-up equity shares of VPPL for every 1 fully paid-up equity share of our Company held by them as on one day after the certified copies of the High Court order sanctioning the Composite Scheme of Arrangement is filed with the Registrar of Companies, Mumbai, Maharashtra. The effective date of the Composite Scheme of Arrangement was April 1, 2008.

Scheme of arrangement between VPPL, our Company and their respective shareholders ("Scheme of Arrangement")

Pursuant to the Scheme of Arrangement under Sections 391 to 394, Section 78, Sections 100 to 103 and other relevant provisions of the Companies Act, 1956, and approved by the High Court of Bombay by its order dated June 18, 2010, the technical development centre of our Company was demerged into VPPL and our Company's securities premium account was reduced by ₹ 30 million. The appointed date of the Scheme of Arrangement was April 1, 2009. Pursuant to the demerger of the technical development centre of our Company into VPPL, the whole of the technical development centre of our Company was transferred to and vested in VPPL and all its properties, assets, liabilities and obligations were transferred to VPPL as on the appointed date, i.e. April 1, 2009. Upon transfer of our Company's technical development centre into VPPL, VPPL issued and allotted to our Shareholders (except VPPL) 1 fully paid-up equity shares of VPPL for every 1 fully paid-up equity share of our Company held by them (our Shareholders) as on one day after the certified copies of the High Court order sanctioning the Scheme of Arrangement is filed with the Registrar of Companies, Mumbai, Maharashtra. The effective date of the Scheme of Arrangement was August 10, 2010.

Scheme of amalgamation between Varroc Exhaust Systems Private Limited ("VESPL") and our Company ("VESPL Scheme of Amalgamation")

Pursuant to the VESPL Scheme of Amalgamation under Sections 391 to 394 and other relevant provisions of the Companies Act, 1956, and approved by the High Court of Bombay by its order dated September 29, 2016, VESPL was amalgamated with and into our Company with effect from April 1, 2015. Pursuant to the VESPL Scheme of Amalgamation, the entire business and whole of the undertaking of functions of VESPL, including but not limited to office space, IT equipments, computers, vehicles, software, plant & machinery, other movable assets, inventories, receivables, cash and bank balances, investments of all kinds, cash balances with banks, loans, advances, contingent right or benefits, receivables, benefit of any deposits, financial assets, leases, hire purchase contracts and assets, lending contracts, employment agreements, among other things were transferred to and vested in our Company as on the appointed date, i.e. April 1, 2015. Further, all VESPL's properties, assets, liabilities and obligations were also transferred to and vested in our Company as on the appointed date, i.e. April 1, 2015.

Since the entire issued, subscribed and paid up share capital of VESPL was held by our Company, no consideration was paid pursuant to the VESPL Scheme of Amalgamation. Consequent to the VESPL Scheme of Amalgamation, the authorized capital of VESPL was added to the authorized capital of our Company and as result authorized capital of our Company was increased to ₹ 450 million. The effective date of the VESPL Scheme of Amalgamation was October 18, 2016.

Capital reduction scheme of our Company by cancellation of 852,349 equity shares of ₹ 10 each ("Capital Reduction Scheme")

In accordance with Sections 100 to 104 of the Companies Act, 1956 and in exercise of its powers under Articles of Association of our Company, our Company reduced the issued, subscribed and paid-up capital of our Company by cancellation of 852,349 equity shares of ₹ 10 each, held by VPPL, without any payment. Resolutions to this effect were passed by the Board on October 27, 2016 and July 20, 2017 and by our Shareholders' on November 1, 2016 and August 29, 2017; and was approved by the National Company Law Board Tribunal by way of an order dated November 9, 2017. The Capital Reduction Scheme was approved by RoC on January 15, 2018.

Details of shareholders agreements

Subscription Agreement dated January 24, 2014 executed between our Company, our Promoter, Investor Selling Shareholder 1, Investor Selling Shareholder 2, Naresh Chandra, Suman Jain and Rochana Jain, as amended by Amendment and Supplemental Agreements dated March 27, 2014 and March 9, 2017 and Shareholders Agreement dated January 24, 2014 executed between our Company, our Promoter, Investor Selling Shareholder 1, Investor Selling Shareholder 2, Naresh Chandra, Suman Jain and Rochana Jain, as amended by Amendment Agreement dated March 25, 2018.

On January 24, 2014, our Company, our Promoter, Naresh Chandra, Suman Jain, Rochana Jain, Investor Selling Shareholder 1 and Investor Selling Shareholder 2 entered into the Subscription Agreement. Pursuant to the Subscription Agreement the Investor Selling Shareholders acquired 27,478,973 Series A CCPS issued at a premium of ₹ 90 and 1 equity share of a face value of ₹ 10 issued at a premium of ₹ 990 to Investor 1 and 2,521,007

Series A CCPS issued at a premium of ₹ 90 and 1 equity share of a face value of ₹ 10 issued at a premium of ₹ 990 to Investor 2. On March 27, 2014, the indemnity clause of the Subscription Agreement was amended. The Subscription Agreement was further amended on March 9, 2017, whereby the conversion terms of the Series A CCPS allotted by way of the Subscription Agreement, were amended. Further, it was decided to undertake a bonus issue of Equity Shares of our Company by way of Series B CCPS and Series C CCPS.

On January 24, 2014, our Company, our Promoter, Naresh Chandra, Suman Jain, Rochana Jain and the Investor Selling Shareholders also agreed into the Shareholders Agreement enumerating the Investor Selling Shareholders' rights and our Promoter's rights in our Company pursuant to the Subscription Agreement. Under the Shareholders' Agreement, the rights of the Investor Selling Shareholders include but are not limited to, right of first refusal, tag along rights, right to appoint a nominee director and observer, information rights, affirmative voting rights, right to impose restrictions on transfer, anti -dilution rights and pre-emptive rights, as per the terms and conditions provided under the Shareholders' Agreement. The rights available to the Investor Selling Shareholders under the Shareholders' Agreement with respect to our Company are also available with respect to Varroc Polymers Private Limited, Varroc Lighting Systems SRO, Czech Republic, Varroc Lighting Systems S.de.R.L.de.C.V., Mexico or any present or future direct or indirect subsidiary of our Company whose turnover is 10% (ten per cent) or more of the total revenue of our Company as per the annual consolidated balance sheet of our Company. The Investor Selling Shareholders' rights shall cease to exist immediately upon the receipt of final listing and trading approvals from the Stock Exchanges pursuant to the Offer.

On March 25, 2018, our Company, our Promoter, Investor Selling Shareholder 1, Investor Selling Shareholder 2, Naresh Chandra, Suman Jain, Rochana Jain, Arjun Jain and Dhruv Jain executed the Amendment Agreement. The Amendment Agreement, *inter alia*, states that the Shareholders Agreement shall terminate with effect from the date of listing of the Equity Shares of our Company. Pursuant to the Amendment Agreement, 11,683,770 Series C CCPS held by Tarang Jain shall be converted into 11,683,770 Equity Shares earlier of: (i) atleast 3 (three) working days prior to filing of Red Herring Prospectus by our Company with the RoC for undertaking an IPO or any date mutually acceptable to the Parties; or (ii) the IPO Veto Date; (iii) the Conversion Deadline.

Other material agreements

Joint venture agreement with Dell'Orto S.p.A.

On February 13, 2018, our Company entered into a joint venture with Dell'Orto S.p.A., one of our customers, for for the production, marketing and sale of electronic fuel injection control systems for two-wheelers and three-wheelers worldwide with exception of Europe and China. As per the terms of the joint venture agreement and for the purpose of facilitating partnership between our Company and Dell'Orto S.p.A., we have entered into an intellectual property equal co-ownership agreement dated February 13, 2018 with Dell'Orto S.p.A., whereby we have been assigned and transferred a 50 percent share in the intellectual property rights and confidential information owned by Dell'Orto S.p.A. in relation to the manufacture, design, development, assembly, testing and delivery of the electronic control unit system (as a component of the electronic fuel injection system) ("**Assigned IP**"), for global usage with exception of China and Europe, provided that Dell'Orto S.p.A. and our Company shall equally and jointly own the intellectual property and Assigned IP and any improvements thereon in the permitted territories.

Financial and Strategic Partners

Except as disclosed, our Company does not have any financial and strategic partners as of the date of filing this Draft Red Herring Prospectus.

Guarantees given by our Promoter

The Promoter Selling Shareholder has not provided any guarantees in favour of any third party.

OUR SUBSIDIARIES AND JOINT VENTURES

As of the date of this Draft Red Herring Prospectus, our Company has the following Subsidiaries:

1. VPPL
2. Durovalves India
3. Varroc Lighting Systems
4. Team Concepts
5. Varroc European Holding B.V.
6. Aries Mentor Holding B.V.
7. VarrocCorp Holding B.V.
8. Varroc Japan
9. I.M.E.S., Italy
10. TRI.O.M. S.p.A
11. TRI.O.M Mexico
12. TRI.O.M. Vietnam
13. Electromures S.A.
14. Varroc Lighting Systems S.R.O.
15. Varroc Lighting Systems, Mexico
16. Varroc Lighting Systems Inc.
17. Varroc Lighting Systems GmBH
18. Varroc Brazil
19. Varroc Lighting Systems, Morroco
20. Varroc Lighting Systems, Poland

As on date of this Draft Red Herring Prospectus, our Company has the following joint ventures:

1. Varroc TYC
2. Varroc TYC Auto Lamps
3. Varroc TYC Auto Lamps (CQ)
4. Nuova C.T.S. S.R.L.

As on date of this Draft Red Herring Prospectus, our Company has no associate companies.

The details of our Subsidiaries are as follows:

1. VPPL

Corporate information

VPPL, was initially incorporated as a private limited company named Mouldcraft (Hindustan) Private Limited under the Companies Act, 1956 pursuant to a certificate of incorporation dated June 28, 1995 granted by the RoC. Its name was changed to VPPL pursuant to a fresh certificate of incorporation dated April 18, 2007. Its registered office is situated at Plot No. L-4, MIDC, Waluj, Aurangabad 431136, Maharashtra.

CIN of VPPL is U25209MH1995PTC090037.

Nature of business

VPPL, is engaged in the business of manufacturing and supply of automotive components that include air filter assemblies, seating assemblies, plastic interiors, painted plastic parts, mirror assemblies, etc. and providing innovative solutions to the automotive segments, that is, two/three/four wheelers, commercial vehicles and off-road vehicles.

Capital structure and shareholding

The authorised share capital of VPPL is ₹ 45,000,000 divided into 4,500,000 equity shares of ₹ 10 each. The issued, subscribed and paid-up capital of VPPL is ₹ 5,291,000 divided into 529,100 equity shares of ₹ 10 each. Our Company holds 529,099 equity shares of ₹ 10 each in VPPL and our Promoter, Tarang Jain holds one equity share as a nominee of our Company, which together constitutes 100% of its total issued and paid-up capital.

There are no accumulated profits or losses of VPPL not accounted for by our Company.

2. Durovalves India

Corporate information

Durovalves India was incorporated under its present name as a private limited company under the Companies Act, 1956 pursuant to a certificate of incorporation dated January 30, 1997 granted by the RoC. Its registered office is situated at F- 57-58, MIDC Industrial Area, Waluj, Aurangabad 431 136, Maharashtra.

CIN of Durovalves India is U34300MH1997PTC105518.

Nature of business

Durovalves India is engaged in the business of manufacturing and supply of, *inter alia,* engine valves, cold and warm forging parts, transmission shafts and crank pins for motorcycles.

Capital structure and shareholding

The authorised share capital of Durovalves India is ₹ 95,000,000 divided into 5,700,000 equity shares of ₹ 10 each and 3,800,000 preference shares of ₹ 10 each. The issued, subscribed and paid-up capital of Durovalves India is ₹ 43,208,450 divided into 4,320,845 equity shares of ₹ 10 each.

Our Company holds 3,144,730 equity shares of ₹ 10 each in Durovalves India, which is 72.78 % of its total issued and paid-up capital and our Promoter holds 10 equity shares in Durovalves India.

There are no accumulated profits or losses of Durovalves India not accounted for by our Company.

3. Varroc Lighting Systems

Corporate information

Varroc Lighting Systems was incorporated under its present name as a private limited company under the Companies Act, 1956 pursuant to a certificate of incorporation dated March 13, 2012 issued by the Registrar of Companies, Pune, Maharashtra. Its registered office is situated at Survey No. 279, Village Mann, Hinjewadi, Pune, 411 057, Maharashtra.

CIN of Varroc Lighting System is U31401PN2012PTC142539.

Nature of business

Varroc Lighting Systems is engaged in the business of manufacturing and exporting automotive lighting parts.

Capital structure and shareholding

The authorised share capital of Varroc Lighting Systems is ₹ 4,500,000 divided into 450,000 equity shares of ₹ 10 each. The issued, subscribed and paid-up capital of Varroc Lighting Systems is ₹ 4,399,970 divided into 439,997 equity shares of ₹ 10 each.

Our Company holds 439,996 equity shares of ₹ 10 each and our Promoter holds 1 share of ₹ 10 as a nominee of our Company, in Varroc Lighting Systems, which together constitutes 100.00% of its total issued and paid-up capital.

There are no accumulated profits or losses of Varroc Lighting Systems not accounted for by our Company.

4. Team Concepts

Corporate information

Team Concepts was incorporated under its present name pursuant to a certificate of incorporation dated February 23, 2000 granted by the Registrar of Companies, Karnataka. Its registered office is situated at 1A/07, 2nd Floor, East End Main Road, 4th "T" Block, Jayanagar, Bangalore, Karnataka 560 041.

CIN of Team Concepts is U32201KA2000PTC026437.

Nature of business

Team Concepts is engaged in the business of manufacture and supply of automotive accessories and components.

Capital structure and shareholding

The authorised share capital of Team Concepts is ₹ 9,900,000 divided into 99,000 equity shares of 100 each. The issued, subscribed and paid-up capital of Team Concepts is ₹ 3,060,000 divided into 30,600 equity shares of ₹ 100 each.

Our Subsidiary, VPPL holds 27,539 equity shares of ₹ 100 each and our Promoter holds one share of ₹ 100 as a nominee of VPPL, which together constitutes 90.00% of its total issued and paid-up capital.

There are no accumulated profits or losses of Team Concepts not accounted for by our Company.

5. Varroc European Holding B.V.

Corporate information

Varroc European Holding B.V., a private limited liability company was incorporated under its present name pursuant to registration with the trade register of the Netherlands Chamber of Commerce on December 20, 2006. Its registered office is situated at Haaksbergweg 71, 1101 BR Amsterdam, The Netherlands.

Nature of business

Varroc European Holding B.V. acts as a holding and finance company.

Capital structure and shareholding

The issued and paid-up share capital of Varroc European Holding B.V. is Euro 20,767,000 divided into 207,670 shares of Euro 100 each.

Our Company holds 207,670 shares of Euro 100 each in Varroc European Holding B.V. which is 100% of its total issued and paid-up capital.

There are no accumulated profits or losses of Varroc European Holding B.V. not accounted for by our Company.

6. Aries Mentor Holding B.V.

Corporate information

Aries Mentor Holding B.V., a private company with limited liability was initially registered as Amsbridge Financial Services B.V. Limited on August 1, 2008 pursuant to registration certificate issued by the Chamber of Commerce, Rotterdam. Subsequently, its name was changed to Aries Mentor Holding B.V with effect from March 17, 2011 and it was issued a certificate of change of name dated March 17, 2011 by the Chamber of Commerce, Rotterdam. Its registered office is situated at Haaksbergweg 71, 1101 BR Amsterdam, The Netherlands.

Nature of business

Aries Mentor Holding B.V. acts as a holding and finance company.
Capital structure and shareholding

The authorised share capital of Aries Mentor Holding B.V. is EUR 39,989,000 divided into 399,890 shares of EUR 100 each.

The issued and paid-up share capital of Aries Mentor Holding B.V. is 102,476 shares of EUR 100 each.

Our Company holds 102,476 shares of Euro 100 each in Aries Mentor Holding B.V., which is 100 % of its total issued and paid-up capital.

There are no accumulated profits or losses of Aries Mentor Holding B.V. not accounted for by our Company.

7. VarrocCorp Holding B.V.

Corporate information

VarrocCorp Holding B.V., was incorporated with the Trade Register under its present name pursuant to a certificate of incorporation dated February 29, 2012, issued by the Netherlands Chamber of Commerce. Its registered office is situated at Haaksbergweg 71, 1101 BR Amsterdam, The Netherlands.

Nature of business

VarrocCorp Holding B.V. acts as a holding and finance company.

Capital structure and shareholding

The issued and paid-up capital of VarrocCorp Holding B.V. is EUR 37,071,200 divided into 370,712 shares of EUR 100 each.

Our Company holds 370,712 shares of EUR 100 each in VarrocCorp Holding B.V., which is 100% of its total issued and paid-up capital.

There are no accumulated profits or losses of VarrocCorp Holding B.V. not accounted for by our Company.

8. Varroc Japan

Corporate information

Varroc Japan is registered with the Tokyo Legal Affairs Bureau, Minato Branch with company identification number 0113-01-022987 since March 10, 2017. Its registered office is situated at Patio House 2, 18-10, Syoan 1-chome, Suginami-ku, Tokyo.

Nature of business

Varroc Japan is engaged in the business of development and marketing services for automotive industries, acting as service agents for providing services after sales and other technical services and carrying on the business as marketing or technical consultant.

Capital structure and shareholding

The authorised share capital of Varroc Japan is JPY 100,000 divided into 10,000 shares of JPY 10 each. The issued share capital of Varroc Japan is JPY 100,000 divided into 10,000 shares of JPY 10 each.

Our Company holds 10,000 shares of JPY 10 each in Varroc Japan, which is 100% of its total issued and paid-up capital.

There are no accumulated profits or losses of Varroc Japan not accounted for by our Company.

9. I.M.E.S., Italy

Corporate information

I.M.E.S., Italy was registered under its present name pursuant to a certificate of incorporation dated May 29, 1996 issued by the Chamber of Commerce, Industry, Handicrafts and Agriculture of Varese. Its registered office is situated at Sumirago (VA), Via A, Sandroni, 46.

Nature of business

I.M.E.S., Italy, is engaged in the business of manufacture of undercarriage components and sub-assemblies for earthmoving equipment and heavy components for oil and gas rigs.

Capital structure and shareholding

The authorised share capital of I.M.E.S., Italy is EUR 5,802,667 divided into 5,802,667 shares of EUR 1 each. The issued and paid-up capital of I.M.E.S., Italy is EUR 5,802,667 divided into 5,802,667 shares of EUR 1 each.

Our Subsidiary, Varroc European Holding B.V., holds 5,802,667 shares of EUR 1 each in I.M.E.S., Italy which is 100% of its total subscribed and paid-up capital.

There are no accumulated profits or losses of I.M.E.S., Italy not accounted for by our Company.

10. TRI.O.M. S.p.A.

Corporate information

TRI.O.M. S.p.A. was registered under its present name pursuant to a certificate of incorporation dated February 19, 1996 issued by the Chamber of Commerce, Industry, Handicrafts and Agriculture of Torino. Its registered office is situated at Cambiano (TO) via Dei Prati 20 CAP 10020.

Nature of business

TRI.O.M. S.p.A. is engaged in the business of manufacturing lighting equipment including head lights, tail lights and side indicators for two wheelers.

Capital structure and shareholding

The authorised share capital of TRI.O.M. S.p.A. is EUR 3,549,000 divided into 3,549,000 shares of EUR 1 each.

The issued and paid-up capital of TRI.O.M. S.p.A. is EUR 3,549,000.00 divided into 3,549,000 shares of EUR 1 each.

Our Subsidiary, Aries Mentor Holding B.V. holds 2,640,456 shares of EUR 1 each in TRI.O.M. S.p.A., which is 74.40% of its total issued and paid-up capital. Further, TRI.O.M. S.p.A holds 198,744 shares of EUR 1 each on behalf of Aries Mentor Holding B.V., which is 5.60% of its total issued and paid-up capital.

There are no accumulated profits or losses of TRI.O.M. S.p.A. not accounted for by our Company.

11. TRI.O.M Mexico

Corporate information

TRI.O.M. Mexico was incorporated under its present name pursuant to a public deed dated April 8, 2015. Its registered office is situated at Av. Parque Industrial Monterrey No. 608, Mexico, Parque Industrial Monterrey, 66600 Apodaca Nuevo León.

Nature of business

TRIO.M. Mexico is engaged in the business of purchase and sale of automobile parts and different kinds of products and services related to automotive sector.

Capital structure and shareholding

The capital stock of TRI.O.M. Mexico is MXN 10,000 divided into 10,000 shares of MXN 1 each. The issued and paid-up capital stock of TRI.O.M. Mexico is MXN 10,000 divided into 10,000 shares of MXN 1 each.

Our Subsidiary, TRIO.M. S.p.A. holds 9,999 shares of 1 MXN each in TRIO.M. Mexico, which is 99.99% of its total issued and paid-up capital stock.

There are no accumulated profits or losses of TRI.O.M. Mexico not accounted for by our Company.

12. TRI.O.M. Vietnam

Corporate information

TRI.O.M Vietnam was initially registered as Vietlight Automotive Company Limited pursuant to registration certificate dated April 20, 2011 issued by the Management Board of Industrial Parks and Export Processing, Hanoi. Its registered office is situated at Lot 11, Quang Minh Industrial Zone, Me Linh Distt. Hanoi, Vietnam.

Nature of business

TRI.O.M Vietnam is engaged in the business of manufacturing lighting equipment for the automobile industry.

Capital structure and shareholding

The charter capital of TRI.O.M Vietnam is VND 21,811,744,230.

Our Subsidiary, TRIO.M. Italy holds 21,811,744,230 shares in TRIO.M. Vietnam, which is 100.00% of its total issued and paid-up capital.

There are no accumulated profits or losses of TRI.O.M Vietnam not accounted for by our Company.

13. Electromures S.A.

Corporate information

Electromures S.A. was incorporated under its present name pursuant to a registration certificate dated November 29, 1992 granted by National Trade Registry Office, Romania. Its registered office is situated at Targu - Mures, 112 - 114 Calarasilor street, Mures County.

Nature of business

Electromures S.A. is engaged in the business of manufacturing lighting equipment, tail lights and side indicators for two wheelers.

Capital structure and shareholding

The subscribed and totally paid-in share capital of Electromures S.A. is LEY 6,781,697 divided into 2,712,679 nominative shares of LEY 2.5 each.

Our Subsidiary, TRI.O.M, S.p.A. holds 2,712,679 nominative shares of LEY 2.5 each in Electromures S.A., which is 100.00% of its total issued and paid-up capital.

There are no accumulated profits or losses of Electromures S.A. not accounted for by our Company.

14. Varroc Lighting Systems, SRO

Corporate information

Varroc Lighting Systems, S.R.O., a limited liability company, was incorporated on May 15, 2012, under the laws of the Czech Republic, ID No. 243 04 450, with registered seat at Suvorovova 195, 742 42 Šenov u Nového Jičína, Czech Republic.

Nature of business

Varroc Lighting Systems, SRO is engaged in the business of manufacture, design and development of automotive components in particular headlamps, rear lamps, projectors, fog lamps day running lights and auxiliary lamps.

Capital structure and shareholding

The registered and paid-up capital of Varroc Lighting Systems, SRO is CZK 200,000.

Our Subsidiary, VarrocCorp Holding B.V. holds CZK 200,000 in Varroc Lighting Systems, SRO, which is 100% of its registered capital.

There are no accumulated profits or losses of Varroc Lighting Systems, SRO not accounted for by our Company.

15. Varroc Lighting Systems, Mexico

Corporate information

Varroc Lighting Systems, Mexico, a limited liability company, was incorporated under its present name pursuant to a public deed dated May 17, 2012 and was registered under Public Registry of Commerce of Mexico City on June 20, 2012. Its registered office is situated at Ave. Parque Industrial Monterrey No. 608, Mexico, Parque Industrial Monterrey, Apodaca Nuevo León, Mexico C.P. 66600.

Nature of business

Varroc Lighting Systems, Mexico is engaged in the business of manufacture, purchase and sale of exterior lighting systems for the automotive industry.

Capital structure and shareholding

The fixed capital of Varroc Lighting Systems, Mexico is MXP 5,000 and our Subsidiary, VarrocCorp Holding B.V. holds MXP 4,999 in Varroc Lighting Systems, Mexico, which 99.98% of its fixed capital and our Promoter holds MXP 1 in Varroc Lighting Systems, Mexico which is 0.02% of its fixed capital.

The variable capital of Varroc Lighting Systems, Mexico is MXP 49,232,006.52. Our Subsidiary, VarrocCorp Holding B.V. holds MXP 49,232,006.52 in Varroc Lighting Systems, Mexico, which is 100.00 % of its variable capital.

There are no accumulated profits or losses of Varroc Lighting Systems, Mexico not accounted for by our Company.

16. Varroc Lighting Systems, Inc.

Corporate information

Varroc Lighting Systems, Inc. was incorporated under its present name pursuant to a certificate of incorporation dated May 7, 2012 granted by the State of Delaware. Its registered office is situated at 47828, Halyard Dr., Plymouth Michigan, 48170 and 1209 Orange Street, Wilmington, Delaware 19801.

Nature of business

Varroc Lighting Systems, Inc. is engaged in the business of engineering and prototype design for automotive industry.

Capital structure and shareholding

The authorised capital of Varroc Lighting Systems Inc. is USD 100 divided into 100 common stock with a par value of USD 0.01 per share. The issued, subscribed and paid-up capital of Varroc Lighting Systems Inc. is USD 100 divided into 100 common stock with a par value USD 0.01 per share.

Our Subsidiary Varroc Lighting Systems SRO, CZ, holds 100 common stock with a par value USD 0.01 in Varroc Lighting Systems, Inc. which is 100% of its total issued and paid-up capital.

There are no accumulated profits or losses of Varroc Lighting Systems, Inc. not accounted for by our Company.

17. Varroc Lighting Systems GmbH

Corporate information

Varroc Lighting Systems GmbH, a limited liability company, is registered with District Court Cologne under Commercial Register through number HRB 82206 pursuant to certificate of registration dated June 27, 2012. Its registered office is situated at Toyota Allee 7, 50858 Köln, Germany.

Nature of business

Varroc Lighting Systems GmbH is engaged in the business of providing engineering solutions for the automotive industry including research and development of automotive lighting systems.

Capital structure and shareholding

The authorised share capital of Varroc Lighting Systems GmbH is EUR 25,000 divided into 250 shares of EUR 100 each. The issued, subscribed and paid-up capital of Lighting Systems GmbH is EUR 25,000 into 250 shares of EUR 100 each.

Our Subsidiary, Varroc Lighting Systems SRO holds 250 shares of EUR 100 each in Varroc Lighting Systems GmbH, which is 100 % of its total issued and paid-up capital.

There are no accumulated profits or losses of Varroc Lighting Systems GmbH. not accounted for by our Company.

18. Varroc Brazil

Corporate information

Varroc Brazil was initially registered as Lang MEKRA Engenharia Avancada Ltda pursuant to registration certificate dated February 14, 2011 issued by The São Paulo State Treasury Office. Subsequently, its name was changed to Varroc Do Brasil Comércio, Importação E Exportação De Máquinas, Equipamento E Peças LTDA. with effect from October 20, 2017 and it was issued a certificate of change of name by The São Paulo State Treasury Office. Its registered office is situated at Av. Paraná 2879, Galpoes I and 2, Bairro Cajuru do Sui Sorocaba, Sao Paulo, CEP 18105-000, Brazil.

Nature of business

Varroc Brazil is authorised by its charter documents to engage in the manufacture and sale of automotive components.

Capital structure and shareholding

The capital stock of Varroc Brazil is BRL 15,000,000 quotas of BRL 1 each. The issued and paid-up capital of Varroc Brazil is BRL 15,000,000 quotas of BRL 1 each.

Our Subsidiaries, VarrocCorp Holding B.V. and Varroc European Holding B.V., hold 14,999,999 quotas of BRL 1 each and one quota of BRL 1 constituting 99.99% and 0.01%, respectively, in Varroc Brazil, which together constitutes 100 % of its total issued and paid-up capital.

There are no accumulated profits or losses of Varroc Brazil not accounted for by our Company.

19. Varroc Lighting Systems, Morocco

Corporate information

Varroc Lighting Systems, Morocco, a limited company. was incorporated on September 19, 2017 pursuant to a certificate of incorporation issued by the Kingdom of Morocco, Ministry of Justice and Liberties. Its registered office is situated at Zone Franche d'exportation, de Tanger Automotive City, Lot 133, Commune Jouamaa Province, Fahs-Anjra-Tanger-Maroc.

Nature of business

Varroc Lighting Systems, Morocco is authorised by its charter documents to engage in the manufacture and export of automotive lighting parts.

Capital structure and shareholding

The capital of Varroc Lighting Systems, Morocco is 300,000 dirhams divided into 3,000 shares of 100 dirhams each. The paid-up capital of Varroc Lighting Systems, Morocco 300,000 dirhams divided into 3,000 shares of 100 dirhams each.

Our Subsidiary VarrocCorp Holding B.V., holds 2,996 shares of 100 dirhams each in Varroc Lighting Systems, Morocco, which is 99.80% of its total issued and paid-up capital and our Promoter, Tarang Jain holds one share of 100 dirhams which constitutes 0.05% of its share capital.

There are no accumulated profits or losses of Varroc Lighting Systems, Morocco not accounted for by our Company.

20. Varroc Lighting Systems, Poland

Corporate information

Varroc Lighting Systems, Poland, a limited liability company, was established under its present name pursuant to a notarial deed dated December 20, 2017 granted by Polish Court Register. Its registered office is situated at Krakow, ul. Lubicz 23A, postal code 31-503, Poland.

Nature of business

Varroc Lighting Systems, Poland is engaged in the business of providing technical support for research and development activities.

Capital structure and shareholding

The authorised share capital of Varroc Lighting Systems, Poland is 5,000 PLN divided into 100 shares of PLN 50 each. The total value of capital of Varroc Lighting Systems, Poland is 5,000 PLN divided into 100 shares of PLN 50 each.

Our Subsidiaries, VarrocCorp Holding B.V. and Varroc Lighting Systems, SRO, CZ hold 99 shares of PLN 50 each and 1 shares PLN 50 each, in Varroc Lighting Systems, Poland, constituting 99.99 % and 0.01%, respectively, of its total issued and paid-up capital.

There are no accumulated profits or losses of Varroc Lighting Systems, Poland not accounted for by our Company.

Following are the details of our Joint Ventures:

1. Varroc TYC

Corporate information

Varroc TYC was initially registered on July 7, 2004 as T.V. United Co., Ltd pursuant to certificate of incorporation issued by the Registrar of Corporate Affairs, British Virgin Islands. Subsequently, its name was changed to Visteon TYC Corporation Limited with effect from June 2, 2005 and was changed to its present name, Varroc TYC, on February 22, 2013 by the Registrar of Corporate Affairs, British Virgin Islands. Its registered office is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, British Virgin Islands.

Nature of business

Varroc TYC acts as a holding and finance company.

Capital structure and shareholding

The authorised share capital of Varroc TYC is USD 50,000,000 divided into 50,000,000 shares of USD 1 each. The issued and paid-up capital of Varroc TYC is USD 28,144,000 divided into USD 28,144,000 of USD 1 each.

Our Subsidiary, VarrocCorp Holding B.V., holds USD 14,072,000 in Varroc TYC, divided into 14,072,000 shares of USD 1 each which is 50% of its total issued and paid-up capital. Beste Motor Co. Ltd. holds USD 14,072,000 in Varroc TYC, divided into 14,072,000 shares of USD 1 each which is 50% of its total issued and paid-up capital.

2. Varroc TYC Auto Lamps

Corporate information

Varroc TYC Auto Lamps, a limited liability company, was initially registered on March 16, 1995 as Changzhou TYC Auto Lamps Co., Ltd. pursuant to a certificate of approval issued by the People's Government of Jiangsu Province. Subsequently, its name was changed to Changzhou Tamao Auto Lamp Co., Ltd on October 25, 2001 and to Visteon TYC Auto Lamps Co. Ltd on May 24, 2006. After acquisition by the Varroc Group, on April 12, 2013, its name was changed to Varroc TYC Auto Lamps Company Limited with effect from January 22, 2013 and it was issued a certificate of change of name by the Trade and Industry Bureau of Jiangsu Province on 12 April 2013, with the approval documentation no. (2013)61. Its registered office is situated at no.228 Taishan Road, Xinbei District, Changzhou, City.

Nature of business

Varroc TYC Auto Lamps is engaged in the production and sale of automobile lamps and the relevant components and in the research and development of automobile lamps.

Capital structure and shareholding

The authorised registered capital of Varroc TYC Auto Lamps is USD 27,000,000. The paid-up registered capital of Varroc TYC Auto Lamps is USD 27,000,000.

Varroc TYC holds USD 27,000,000, which is 100% of its total issued and paid-up capital.

3. Varroc TYC Auto Lamps CQ

Corporate information

Varroc TYC Auto Lamps CQ, a limited liability company, was incorporated under its present name pursuant to business license dated December 9, 2015 issued by the State Administration of Industry and Commerce of Chongqing Province, Bishan District. Its registered office is situated at No. 1 Tongyi Road, Qinggang Street, Bishan Street, Chongqing.

Nature of business

Varroc TYC Auto Lamps CQ is engaged in the production and sale of automobile lamps and relevant components and research and development of automobile lamps.

Capital structure and shareholding

The authorised registered capital of Varroc TYC Auto Lamps CQ is RMB 100,000,000. The paid-up registered capital of TYC Auto Lamps CQ is RMB 100,000,000.

Varroc TYC Auto Lamps holds RMB 100,000,000, which is 100% of the total issued and paid-up capital of Varroc TYC Auto Lamps CQ.

4. Nuova C.T.S. S.R.L.

Corporate information

Nuova C.T.S. S.R.L., a limited liability company, registered on July 29, 1989 with the Chamber of Commerce, Industry, Handicrafts and Agriculture of Modena with registration number 01915190365. Its registered office is situated at Vignola - Via Trinita', 3/3 ANT, Vignola, Modena, 41058 Italy.

Nature of business

Nuova C.T.S. S.R.L is engaged in the business of machined forged products.

Capital structure and shareholding

The authorised share capital of Nuova C.T.S. S.R.L. is EUR 50,000 divided into 50,000 shares of EUR 1 each. The issued and paid-up capital of Nuova C.T.S S.R.L. is EUR 50,000 divided into 50,000 shares of EUR 1 each.

Our Subsidiary, I.M.E.S., Italy, holds EUR 25,000 divided into 25,000 shares of EUR 1 each, which is 50 % of the total issued and paid-up capital of Nuova C.T.S. S.R.L. Robarto Tassi holds EUR 25,000 divided into 25,000 shares of EUR 1 each, which is 50 % of the total issued and paid-up capital of Nuova C.T.S. S.R.L.

Other information and confirmations

Our Company has entered into a joint venture agreement with Dell'Orto, S.p.A. on February 13, 2018 for the production, marketing and sale of electronic fuel injection control systems for two-wheelers and three-wheelers worldwide with the exception of China and Europe. The joint venture entity is yet to be incorporated under the terms of the agreement. For further details, see "*History and Certain Corporate Matters – Joint venture agreement with Dell'Orto, S.p.A.*" on page 226.

For financial performance of our Subsidiaries, see "*Financial Statements*" on page 263.

None of our Subsidiaries is a 'material subsidiary' in terms of the SEBI Listing Regulations and accordingly none of our Independent Directors are on the board of our Subsidiaries.

Significant sale or purchase between our Company and Subsidiaries

None of our Subsidiaries have any sales or purchase transactions with our Company where such transaction exceeds in value in the aggregate of 10% of the total sales or purchases of our Company, during last five fiscals.

Common pursuits

All our Subsidiaries are engaged in lines of business that are synergistic with the business of our Company as a result of which there is no conflict of interest due to common pursuits between our Subsidiaries and our Company.

Related Business Transactions within our Subsidiaries and significance on the financial performance of our Company

For details of transactions between our Company, our Subsidiaries and Joint Ventures, see "*Related Party Transactions*" on page 261, during last five fiscals.

Business interest amongst our Company and our Subsidiaries

Except in the ordinary course of business and as stated in "*Our Business*" and "*Related Party Transactions*" on pages 180 and 261, respectively, during last five fiscals, none of our Subsidiaries have any business interest in our Company.

Listing

None of our Subsidiaries are listed on any stock exchange in India or abroad.

Sale or purchase of shares of our Subsidiaries during the last six months

Neither our Promoter, nor the members of the Promoter Group, our Directors nor their relatives have sold or purchased securities of our Subsidiaries during the six months preceding the date of this Draft Red Herring Prospectus.

OUR MANAGEMENT

Board of Directors

The Articles of Association require that our Board of Directors shall comprise of not less than three Directors and not more than 15 Directors. As on the date of filing this Draft Red Herring Prospectus, we have eight Directors on our Board, of whom four are Independent Directors. Of such Independent Directors, one Director is a woman Director.

The following table sets forth the details of our Board as on the date of filing of this Draft Red Herring Prospectus with SEBI:

Name, designation, address, occupation, nationality, date of appointment, term and DIN	Age (years)	Other directorships
Naresh Chandra *Designation:* Chairman and Non-Executive Director *Address:* 1st Floor, Bhagwati Bhawan, 31-B, M. L. Dahanukar Marg, Cumbala Hill, Mumbai 400 026, India *Occupation:* Industrialist *Nationality:* Indian *Date of appointment/re-appointment:* March 31, 1997 *Term:* Liable to retire by rotation *DIN:* 00027696	83	*Indian companies* 1. Hercules Hoists Limited 2. Durovalves India Private Limited 3. Varroc Polymers Private Limited 4. Endurance Technologies Limited
Tarang Jain *Designation:* Managing Director *Address:* "Halycon", Gut No. 41 (P), Kanchanwadi, Paithan Road, Aurangabad 431 005, India *Occupation:* Industrialist *Nationality:* Indian *Date of appointment/re-appointment:* February 6, 2018 *Term:* February 6, 2018 to February 5, 2023 and liable to retire by rotation *DIN:* 00027505	56	*Indian companies* 1. Durovalves India Private Limited 2. Varroc Polymers Private Limited 3. Rudritara Properties Private Limited 4. Varroc Lighting Systems (India) Private Limited 5. Marathwada Auto Cluster *Foreign companies* 1. Varroc European Holding B.V. 2. VarrocCorp Holding B.V 3. Varroc Lighting Systems, SRO 4. Varroc Lighting Systems, Mexico 5. Varroc Lighting Systems Inc. 6. TRIO.M., S.p.A. 7. Electromures S.A. 8. I.M.E.S., Italy 9. Varroc TYC 10. Varroc TYC Auto Lamps 11. Varroc TYC Auto Lamps (CQ) 12. Varroc Lighting Systems, Poland 13. Varroc Brazil 14. Varroc Lighting Systems, Morroco
Ashwani Maheshwari *Designation:* Whole-time Director *Address:* 3/8000, Nand Vatika, Near Kripal Ashram, Dehradoon Road, Saharanpur 247 001, India *Occupation:* Service *Nationality:* Indian *Date of appointment/re-appointment:* February 6, 2018	49	*Indian companies* 1. Vigo Consultants OPC Private Limited 2. Durovalves India Private Limited *Foreign companies* 1. I.M.E.S., Italy

Name, designation, address, occupation, nationality, date of appointment, term and DIN	Age (years)	Other directorships
Term: For a period of three years upto February 5, 2021, and liable to retire by rotation *DIN:* 07341295		
Padmanabh Sinha *Designation:* Investor Nominee Director *Address:* 1206, The Imperial, North Tower, M.P. Mills Compound, Tardeo, Mumbai 400 034, India *Occupation:* Service *Nationality:* Indian *Date of appointment/re-appointment:* March 27, 2014 *Term:* Not liable to retire by rotation *DIN:* 00101379	47	*Indian companies* 1. Roots Corporation Limited 2. Shriram Properties Private Limited 3. Tata Sky Limited 4. Tata Projects Limited 5. Varroc Polymers Private Limited *Foreign companies* 1. VarrocCorp Holding B.V
Gautam P. Khandelwal *Designation:* Independent Director *Address:* B 2, Alaknanda, 16A Napean Sea Road, Mumbai 400 006, India *Occupation:* Industrialist *Nationality:* Indian *Date of appointment/re-appointment:* March 24, 2011 *Term:* For a period of three years upto July 19, 2020 *DIN:* 00270717	55	*Indian companies* 1. Zeppelin Investments Private Limited 2. Informed Technologies India Limited 3. Nagpur Power and Industries Limited 4. The Motwane Manufacturing Company Private Limited 5. Varroc Polymers Private Limited 6. Gras Education & Training Services Private Limited 7. Avion Aerosoles Private Limited 8. Entecres Labs Private Limited *Foreign companies* 1. Khandelwals Limited (UK)
Vijaya Sampath *Designation:* Independent Director *Address:* Flat No - 403, Block -14, Mehrauli Gurgaon Road, Heritage City, Gurgaon 122 002, India *Occupation:* Professional *Nationality:* Indian *Date of appointment/re-appointment:* July 20, 2017 *Term:* For a period of three years upto July 19, 2020 *DIN:* 00641110	64	*Indian companies* 1. Dewan Housing Finance Corporation Limited 2. L&T-MHPS Turbine Generators Private Limited 3. L&T-MHPS Boilers Private Limited 4. L&T Power Development Limited 5. Nabha Power Limited 6. Safari Industries (India) Limited 7. GVS Envicon Technologies Private Limited 8. Suzlon Energy Limited 9. ERIS Lifesciences Limited
Marc Szulewicz *Designation:* Independent Director *Address:* 21 Rue du Docteur, Blanche, 75016, Paris, France *Occupation:* Professional *Nationality:* French *Date of appointment/re-appointment:* July 20, 2017 *Term:* For a period of three years upto July 19, 2020 *DIN:* 01911768	70	*Foreign companies* 1. Szulewicz Holdings LLC 2. Szulewicz Investment, France 3. Varroc Lighting Systems, S.R.O. 4. Varroc Lighting Systems INC.

Name, designation, address, occupation, nationality, date of appointment, term and DIN	Age (years)	Other directorships
Vinish Kathuria *Designation*: Independent Director 345, Espace Nirvana Country, Sector 50, South City -II, Gurgaon 122018, Haryana, India *Occupation:* Businessman *Nationality:* American *Date of appointment/re-appointment:* February 6, 2018 *Term:* For a period of five years upto February 5, 2023 *DIN:* 01951771	46	*Indian companies* 1. Phonon Solutions Private Limited

Brief profile of our Directors

Naresh Chandra is the Chairman and Non-Executive Director of our Company. He holds a bachelor's degree in economics and a master's degree in history from the University of Delhi. He also holds a diploma in business administration from the City of Birmingham College of Commerce, United Kingdom. He has over 50 years of work experience, with over 35 years experience in the automobile industry and has previously been associated with Kaycee Industries Limited. He has been associated with our Company since incorporation and became the Chairman of our Company in 1997.

Tarang Jain is the Managing Director of our Company. He holds a bachelor's degree in commerce from Sydenham College of Commerce and Economics, University of Bombay and a diploma in business administration from University of Laussane, Switzerland. He has approximately 30 years of experience in the automotive industry. He has been associated with our Company since incorporation and was appointed as the Managing Director in 2001.

Ashwani Maheshwari is a Whole-time Director of our Company. He is also president of the metallic division of our Company. He holds a bachelor's degree in engineering (mechanical engineering) from the Indian Institute of Technology, Roorkee (formerly University of Roorkee) and a master of science degree in leadership and strategy from the London Business School, London, United Kingdom. He has also successfully completed the executive development program from the Wharton School, University of Pennsylvania, USA. He has previously worked with The Tata Iron and Steel Company Limited as a graduate trainee, as a senior vice president – India business division in ITC Infotech India Limited and as the president – Birla tyres at Kesoram Industries Limited. He has been on our Board since March 2016.

Padmanabh Sinha is an Investor Nominee Director of our Company. He holds a bachelor of engineering (honours) degree in computer science from the Birla Institute of Technology and Science, Pilani, Rajasthan and a post- graduate diploma in management from the Indian Institute of Management, Calcutta. He has also completed an executive development course in 'Later- Stage Buyout Investing' from Harvard University, USA and is currently employed by Tata Capital Limited as the managing partner of the private equity advisory team to the Tata Opportunities Fund. He is the current vice chairman of the Indian Private Equity and Venture Capital Association ("**IVCA**"). Prior to joining Tata Capital Limited, he was the managing director, India at Temasek Holdings Advisors India Private Limited and prior to that he was with ICICI Venture Funds Management Company Limited. He has also been the president of Learning Universe Private Limited, operating under the brand, eGurucool.com. He is currently a director on the boards of Tata Sky Limited, Tata Projects Limited, Roots Corporation Limited and Shriram Properties Private Limited and has previously been on the boards of Bharti Infratel Limited and Temasek Holdings Advisors India Private Limited. He has been on our Board since March 2014.

Gautam Khandelwal is an Independent Director of our Company. He holds a bachelor's degree in economics from Mumbai University and holds a general certificate of education examination in economics and history from the University of London. He has been associated with Nagpur Power and Industries Limited since 1996. He is currently the executive chairman of Nagpur Power & Industries Limited and the non-executive chairman of Informed Technologies India Limited. He has been on our Board since 2011.

Vijaya Sampath is an Independent Director of our Company. She holds a bachelor's degree in arts from Madras University and a bachelor's degree in law from Mysore University. She is a fellow member of the Institute of Company Secretaries of India. She attended the advanced management program of Harvard Business School, USA and a program on managing strategic alliances conducted by the Wharton School, University of Pennyslvania, USA. Previously, she has been associated with Lakshmikumaran & Sridharan Attorneys as a senior partner and with the Bharti Airtel Limited as group general counsel and company secretary. She has been on our Board since July 2017.

Marc Szulewicz is an Independent Director of our Company. He holds an engineering degree from the National School of Arts and Crafts, Paris. He has previously worked at Valeo and served as executive vice president in-charge of plastic activities at Carnaud Metalbox, a Crown Cork & Seal Company. Later, he was also the general manager of the foreign equipment division at Plastic Omnium Management. He has been on our Board since July 2017.

Vinish Kathuria is an Independent Director of our Company. He holds a bachelor's degree in chemical engineering from Indian Institute of Technology, Delhi and a master's degree in science from Case Western Reserve University, Cleveland, Ohio. He also holds a master's degree in business administration from the Duke University's Faqua School of Business, North Carolina. He is the co-founder and president of Rank Software Inc. He has previously been associated with Erricson India Private Limited, HT Mobile Solutions Limited, Indian Angel Network Services Private Limited and has served on the boards of Phonon Solutions Private Limited and Rank Software Inc. He has been on our Board since February 2018.

Confirmations

None of our Directors is or was a director of any company listed on the Stock Exchanges, whose shares are or were suspended from being traded during the last five years prior to the date of this Draft Red Herring Prospectus.

None of our Directors is, or was, a director of any listed company, which has been or was delisted from any stock exchange.

Except Naresh Chandra and Tarang Jain who are related as father and son, none of our directors are related to one another.

None of our Directors have been or were identified as "wilful defaulters", as defined under the SEBI ICDR Regulations.

Except as disclosed in "*Our Promoter and Promoter Group*" with respect to action taken against Naresh Chandra, none of our Directors have committed any violation of securities laws in the past and no such proceedings (initiated by SEBI or otherwise) are pending against any of our Directors.

No consideration, either in cash or shares or in any other form 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 him or by the firm, trust or company in which they are interested, in connection with the promotion or formation of our Company.

Appointment of relatives of our Directors to any office or place of profit

As on the date of this Draft Red Herring Prospectus, Rochana Jain, wife of Tarang Jain and daughter in-law of Naresh Chandra, has been appointed as senior vice-president - facilities management and Arjun Jain, son of Tarang Jain and grandson of Naresh Chandra was re-designated as the Business Head- Electrical Division of our Company effective from May 18, 2015. Further, on July 15, 2015, Arjun Jain was appointed as whole-time Director. On February 6, 2018 Arjun Jain resigned as whole-time Director and continued as the Business Head- Electrical Division of our Company. Apart from Rochana Jain and Arjun Jain, no relatives of any of our Directors have been appointed to a place or office of profit in our Company.

Arrangement or understanding with major Shareholders, customers, suppliers or others

Except as stated below, none of our Directors have been appointed pursuant to any arrangement or understanding with our major Shareholders, customers, suppliers or others:

Padmanbh Sinha has been appointed by the Selling Shareholders pursuant to the terms of the Subscription Agreement and Shareholders Agreement both dated January 24, 2014, as amended, entered into between our Company, our Promoter, Omega TC Holdings Pte. Ltd., Tata Capital Financial Services Limited, Naresh Chandra, Suman Jain and Rochana Jain.

Service contracts with Directors

Our Company has not entered into any service contracts with any Directors, which provide for benefits upon termination of employment.

Contingent and deferred compensation payable to Directors

There is no contingent and deferred compensation payable to Directors.

Terms of Appointment of our Managing Director and Whole-time Directors

Tarang Jain, Managing Director

Tarang Jain has been associated with our Company as a Director since incorporation of our Company. Pursuant to a resolution of our Board dated March 2, 2001, he was appointed as the Managing Director and was last reappointed as the Managing Director of our Company with effect from February 6, 2018 pursuant to a resolution of our Board dated February 6, 2018 and a resolution of our Shareholders dated February 13, 2018. His term is for a period of five years, until February 5, 2023.

Further, pursuant to a resolution dated February 6, 2018 of our Board and subject to applicable law, his remuneration was revised with effect from February 6, 2018. In terms of this resolution, Tarang Jain is entitled to a monthly basic salary in the scale of ₹ 2.30 million to ₹ 4.50 million, with power to grant annual increment by the Board as they may deem fit, based on the recommendation of the Nomination and Remuneration Committee. The basic salary for Fiscal 2018 as approved Board at their meeting held on March 31, 2017 was ₹ 2.38 million per month.

Tarang Jain is also entitled to perquisites and allowances as per the policies of our Company including, but not limited to, medical re-imbursement, insurance coverage, club memberships, credit card memberships, furnishings, use of telephone, car, house rent allowance, children's education allowance and leave travel allowance. He is also entitled to provident fund benefits and gratuity.

Ashwani Maheshwari, Whole-time Director

Ashwani Maheshwari was appointed as a whole-time Director on our Board pursuant to a resolution of our Board on March 29, 2016 and was last reappointed as the whole-time Director of our Company with effect from February 6, 2018 pursuant to a resolution of our Board dated February 6, 2018 and a resolution of our Shareholders dated February 13, 2018. Pursuant to a resolution dated February 6, 2018 of our Board and subject to applicable law, his remuneration was revised with effect from February 6, 2018. In terms of this resolution, Ashwani Maheshwari is entitled to monthly basic salary in the scale of ₹ 0.30 million to ₹ 0.50 million, with power to grant annual increment by the Board as they may deem fit, based on the recommendation of the Nomination and Remuneration Committee. The basic salary for the Fiscal 2018 as approved Board at their meeting held on March 31, 2017 was ₹ 0.35 million per month.

Ashwani Maheshwari is also entitled to various perquisites and allowances for, including but not limited to, house rent allowance, education allowance, health maintenance, transport, communication and professional development allowance among other perquisites. He is also entitled to provident fund benefits and gratuity.

Compensation paid to our Whole-time Directors

The gross remuneration paid by our whole-time Directors in Fiscal 2017 are as follows:

(*₹ in million*)

Name of Director	Gross remuneration
Tarang Jain	41.46
Ashwani Maheshwari	13.32

Compensation paid to our Non-Executive, Independent Directors

Pursuant to a resolution dated July 20, 2017 of our Board, our non-executive directors (excluding the Investor Nominee Director) are entitled to receive a maximum sitting fee of ₹ 0.02 million, and Independent Directors are entitled to receive a maximum sitting fee of ₹ 0.10 million, respectively, for attending each meeting of our Board and/ or a committee thereof.

The gross remunerations paid by our non-executive Directors and Independent Directors in Fiscal 2017 are as follows:

(*₹ in million*)

Name of Director	Sitting Fees	Gross remuneration
Naresh Chandra	0.12	0.69**
Gautam Khandelwal	0.12	0.49**
Vijaya Sampath	Nil	Nil*
Marc Szulewicz	Nil	Nil*
Vinish Kathuria	Nil	Nil

** As Vijaya Sampath and Marc Szulewicz were appointed on July 20, 2017 and Vinish Kathuria was appointed on February 6, 2018, they were not paid any remuneration in Fiscal 2017.*
*** Includes the professional fee paid in Fiscal 2017.*

Other than as disclosed under "*Compensation paid to our Whole-time Directors*", "*Compensation paid to our Non-Executive, Independent Directors*" above and remuneration of ₹ 24.41 million paid to Tarang Jain and professional fees of ₹ 0.06 million to Gautam Khandelwal by VPPL, our Directors did not receive any remuneration from our Subsidiaries in Fiscal 2017.

Shareholding of our Directors in our Company

The Articles of Association do not require our Directors to hold any qualification equity shares. The following table represents the shareholding of our Directors in our Company:

Sr. No.	Name of Directors	Number of shares held	Type of shares
1.	Tarang Jain*	50,798,590	Equity Shares
1.	Tarang Jain**	11,683,770	Series C CCPS
3.	Naresh Chandra#	-	-

** Tarang Jain additionally holds 33,850,000 Equity Shares, in his capacity as the trustee of the TJ Holdings Trust. The trustees of the TJ Holdings Trust are Tarang Jain and Rochana Jain, as the family trustees, and Barclays Wealth Trustees (India) Private Limited, as the managing trustee. Pursuant to the TJ Holdings Trust Deed dated January 13, 2017, Tarang Jain shall, as long as he is acting as the family trustee, exclusively exercise voting rights in our Company with respect to these Equity Shares.*

*** Pursuant to the Amendment Agreement, 11,683,770 Series C CCPS held by Tarang Jain shall be converted into 11,683,770 Equity Shares earlier of: (i) atleast 3 (three) working days prior to filing of Red Herring Prospectus by our Company with the RoC for undertaking an IPO or any date mutually acceptable to the Parties; or (ii) the IPO Veto Date; (iii) the Conversion Deadline. For further details, see "History and Certain Corporate Matters" on page 220.*

 # Naresh Chandra holds 1,000,000 Equity Shares, in his capacity as the trustee of the Naresh Chandra Holdings Trust. The trustees of the Naresh Chandra Holdings Trust are Naresh Chandra, as the family trustee, and Barclays Wealth Trustees (India) Private Limited, as the managing trustee. Pursuant to the Naresh Chandra Holdings Trust Deed dated January 13, 2017, Naresh Chandra shall, as long as he is acting as the family trustee, exclusively exercise voting rights in our Company with respect to these Equity Shares.

Except as disclosed under "*Shareholding of our Directors in our Subsidiaries*", "*Shareholding of our Key Managerial Personnel*" and "*Capital Structure*" on pages 245, 255 and 105, respectively, none of our Directors nor any of their relatives, or entities in which they are associated as promoter, director, partner, proprietor or trustee hold any equity shares, preference shares, warrants, employee stock options or other convertible instruments in our Company or our Subsidiaries.

Shareholding of our Directors in our Subsidiaries

The following table represents the shareholding of our Directors in our Subsidiaries:

Sr. No.	Name of Directors	Name of Subsidiary	Number of equity shares held
1.	Tarang Jain	Durovalves India	10
		VPPL	1*
		Varroc Lighting Systems	1*
		Team Concepts	1#
		Varroc Lighting Systems, Morocco	1
		Varroc Lighting Systems, Mexico	1
2.	Naresh Chandra	Durovalves India	10

**Shares held by Tarang Jain are in his capacity as a nominee of our Company.*
#Shares held by Tarang Jain are in his capacity as a nominee of VPPL.

Borrowing powers

Pursuant to our Articles of Association, the applicable provisions of the Companies Act, 2013, and a resolution passed by our Board on November 2, 2013, our Board has been authorised to borrow any sum or sums of moneys in excess of our Company's paid-up share capital and free reserves, in the ordinary course of business, from any one or more banks, financial institutions and other bodies corporate (in India and abroad), not exceeding ₹ 15,000 million.

Loans to Directors

Our Company and Subsidiaries have not provided any loans to any of our Directors.

Bonus or profit sharing plan for our Directors

Our Company does not have any performance linked bonus or a profit-sharing plan for our Directors.

Interest of Directors

Our Directors, may be deemed to be interested to the extent of fees and commission, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them. Our Whole-time Directors and Managing Director are interested to the extent of remuneration, perquisites, and discretionary annual increments payable to them for services rendered by them. Our Directors, may be deemed to be interested to the extent of remuneration, fees and commission, and sitting fees, if any, payable to them for attending meetings of the boards of directors of our Subsidiaries or a committee thereof as well as to the extent of reimbursement of expenses payable to them.

Our Non-Executive Directors including the Independent Directors (but excluding the Investor Nominee Director) are entitled to a profit related commission aggregating to one percent per annum of the net profits of our Company, not exceeding ₹ 15 million in a financial year, for a period of five years commencing from April 1, 2017.

Our Directors may also be regarded as interested in the equity shares held by them in our Company and the Subsidiaries of our Company and also to the extent of any dividend that may be payable to them and other distributions in respect of these equity shares. For the shareholding of the Directors in the Subsidiaries, please see the sub-section titled *"Shareholding of Directors in Our Subsidiaries"* on page 245.

The Directors may also be deemed to be interested in the Equity Shares, if any, held by them and/ or any Equity Shares that may be held by the companies, firms and trusts, in which they are interested as directors, members, partners, trustees, beneficiaries and promoters and in any dividend distribution which may be made by our Company in the future. For the shareholding of the Directors, please see the sub-section titled *"Shareholding of our Directors in our Company"* and "*Shareholding of our Directors in our Subsidiaries*" on pages 244 and 245.

Some of our Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company in which our Directors hold directorships or any partnership firm in which they are partners, as declared, in their respective capacity.

Except for payment of Offer Proceeds to Tarang Jain for his portion of Offer for Sale, there is no material existing or anticipated transaction whereby Directors will receive any portion of the proceeds from the Offer.

None of the beneficiaries of loans, advances and sundry debtors are related to our Directors.

Interest of Directors in the promotion of our Company

Except for Naresh Chandra and Tarang Jain, none of our Directors are interested in the promotion of our Company. For the details of interest of Tarang Jain in the promotion of our Company, please see the section titled *"Our Promoter and Promoter Group"* on page 257.

Interest of Directors in the properties of our Company

Our Directors do not have any interest in any property acquired by our Company in the preceding two years from the date of filing of this Draft Red Herring Prospectus or proposed to be acquired by our Company, or in any transaction by our Company for acquisition of land, construction of building or supply of machinery, etc.

Changes in the Board in the last three years

Name	Date of appointment/ change of designation / cessation	Reason
Arjun Jain*	July 15, 2015	Appointed as whole-time Director
Ravinder Kumar	July 15, 2015	Cessation
Harsh Kohli	March 21, 2016	Cessation
Ashwani Maheshwari#	March 29, 2016	Appointed as an additional and whole-time Director
Tarang Jain	April 1, 2016	Re-appointed as Managing Director
Laxmikant Trimbakdas Miniyar	July 10, 2017	Cessation
Vijaya Sampath**	July 20, 2017	Appointed as an additional Director - independent
Marc Szulewicz**	July 20, 2017	Appointed as an additional Director - independent
Gautam Khandelwal	July 20, 2017	Appointed as independent Director
Vinish Kathuria***	February 6, 2018	Appointed as an additional Director - independent
Arjun Jain	February 6, 2018	Resigned as the whole-time Director
Tarang Jain	February 6, 2018	Re-appointed as Managing Director
Ashwani Maheshwari	February 6, 2018	Re-appointed as whole-time Director

* *Appointment of Arjun Jain was regularised pursuant to a resolution passed by the Shareholders on August 7, 2015.*
# *Appointment of Ashwani Maheshwari was regularised pursuant to a resolution passed by the Shareholders on November 1, 2016.*
** *Appointments of Vijaya Sampath and Marc Szulewicz were regularized as an independent directors by way of Shareholders resolution dated August 29, 2017.*
*** *Appointment of Vinish Kathuria was regularized as an independent director pursuant to a resolution passed by the Shareholders on February 13, 2018.*

Corporate governance

The provisions of the Companies Act, 2013 along with the SEBI Listing Regulations, with respect to corporate governance, will be applicable to our Company immediately upon the listing of the Equity Shares on the Stock

Exchanges. Our Company is in compliance with the requirements of the applicable provisions in respect of corporate governance in accordance with the SEBI Listing Regulations, and the Companies Act, 2013, pertaining to the constitution of the Board and committees thereof.

As on the date of filing this Draft Red Herring Prospectus, we have eight Directors on our Board, of whom four are Independent Directors. Of such Independent Directors, one Director is a woman Director. In compliance with the Companies Act, 2013, at-least two-thirds of our Directors, other than our Independent Directors, are liable to retire by rotation.

The Board functions either as a full board or through various committees constituted to oversee specific operational areas. Our Company undertakes to take all necessary steps to continue to comply with all the requirements of the SEBI Listing Regulations and the Companies Act, 2013.

Board-level committees

In terms of the SEBI Listing Regulations and the provisions of the Companies Act, 2013, our Company has constituted the following Board-level committees:

A. Audit Committee

The Audit Committee was constituted by a resolution of our Board dated February 6, 2018. The constitution of the Audit Committee is as follows:

Name of Director	Position in the Committee	Designation
Gautam Khandelwal	Chairman	Independent Director
Vijaya Sampath	Member	Independent Director
Tarang Jain	Member	Managing Director

Our Company Secretary is the secretary of the Audit Committee.

The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations and its terms of reference are as follows:

Scope and terms of reference:

The roles and responsibilities of the Audit Committee include the following:

1. Overseeing Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

2. Recommending to the Board, the appointment, re-appointment, and replacement, remuneration, and terms of appointment of the internal auditor, cost auditor and statutory auditor and the fixation of audit fee;

3. Review and monitor the auditor's independence and performance and the effectiveness of audit process;

4. Approval of remuneration payable to the statutory, internal and cost auditors for any services rendered by such auditors;

5. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

   (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
   (b) Changes, if any, in accounting policies and practices and reasons for the same;
   (c) Major accounting entries involving estimates based on the exercise of judgment by management;
   (d) Significant adjustments made in the financial statements arising out of audit findings;
   (e) Compliance with listing and other legal requirements relating to financial statements;
   (f) Disclosure of any related party transactions;
   (g) Qualifications and modified opinions in the draft audit report;

(h) Compliance with accounting standards;
(i) Contingent liabilities;
(j) Claims against our Company and their effect on the financial statements; the term "financial statement" shall have the meaning ascribed to such term under Section 2(40) of the Companies Act, 2013;

6. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

7. Laying down the criteria for granting omnibus approval in line with our Company's policy on related party transactions and such approval shall be applicable in respect of transactions which are repetitive in nature;

8. Scrutiny of inter-corporate loans and investments;

9. Valuation of undertakings or assets of our Company, wherever it is necessary;

10. Evaluation of internal financial controls and risk management systems;

11. Approval of any subsequent modification of transactions of our Company with related parties and omnibus approval for related party transactions proposed to be entered into by our Company, subject to the conditions as may be prescribed;

12. 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;

13. Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;

14. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

15. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

16. Discussion with internal auditors on any significant findings and follow up thereon;

17. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

18. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

19. Looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

20. Approval of appointment of the chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

21. Reviewing the functioning of the whistle blower mechanism, in case the same is existing;

22. Monitoring of a vigil mechanism for enabling adequate safeguards and protection of interest of the director(s) or employees or any other person who may avail the mechanism and to provide for direct access to the chairperson of the Audit Committee in exceptional cases where deemed necessary;

23. Discretion to invite the finance director or head of the finance functions, head of internal audit and a representative of the statutory auditor and any other such executives to be present at the meetings of the committee: Provided that occasionally the audit committee may meet without the presence of any executives of the listed entity.

24. Carrying out any other functions as provided under the Companies Act, the SEBI Listing Regulations and other applicable laws; and

25. To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time.

Further, the Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;

2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;

3. Management letters / letters of internal control weaknesses issued by the statutory auditors;

4. Internal audit reports relating to internal control weaknesses;

5. Details of all material transactions with related parties to be disclosed every quarter along with the compliance report on corporate governance;

6. On a quarterly basis, the details of related party transactions entered into by our Company pursuant to each omnibus approval given;

7. Whether the policy dealing with related party transactions is placed on the website of our Company;

8. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee; and

9. Statement of deviations in terms of the SEBI Listing Regulations:

    (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of the SEBI Listing Regulations;

    (b) Annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of the SEBI Listing Regulations.

The Audit Committee is required to meet at least four times in a year under Regulation 18 (2) (a) of the SEBI Listing Regulations.

The Audit Committee shall have the authority to investigate into any matter in relation to the items specified under the terms of reference or such other matter as may be referred to it by the Board and for this purpose, shall have full access to information contained in the records of our Company and shall have power to seek information from any employee, obtain external legal or professional advice, and secure attendance of outsiders with relevant expertise, if necessary;

B. *Nomination and Remuneration Committee*

The Nomination and Remuneration committee was constituted by a resolution of our Board dated February 6, 2018. The current constitution of the Nomination and Remuneration committee is as follows:

Name of Director	Position in the Committee	Designation
Gautam P. Khandelwal	Chairman	Independent Director
Marc Szulewicz	Member	Independent Director

Name of Director	Position in the Committee	Designation
Vijaya Sampath	Member	Independent Director

The Company Secretary is the secretary of the Nomination and Remuneration Committee.

The scope and function of the Nomination and Remuneration committee is in accordance with Section 178 of the Companies Act, 2013 read with Regulation 19 of the SEBI Listing Regulations and its terms of reference are as follows:

Terms of reference of the Nomination and Remuneration Committee:

1. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

2. Formulation of criteria for evaluation of independent directors and the Board;

3. Devising a policy on Board diversity;

4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance. Our Company shall disclose the remuneration policy and the evaluation criteria in its annual report;

5. Analysing, monitoring and reviewing various human resource and compensation matters;

6. Determining our Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;

7. Determine 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;

8. Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

9. Perform 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;

10. 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; or
    ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003;

11. Determine 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;

12. Evaluating the current composition, organization and governance of the Board and its committees as well as determining future requirements and making recommendations to the Board for approval;

13. Determining on an annual basis, desired qualifications along with the expertise, characteristics and conduct searches for potential Board members with corresponding attributes. Thereafter, evaluation and proposal of nominees for election to the Board. In performing these tasks, the committee shall have the sole authority to retain and terminate any search firm to be used to identify director candidates;

14. Evaluation and recommendation of termination of membership of individual directors in accordance with the Board's governance principles for cause or for other appropriate reasons;

15. Making recommendations to the Board in relation to the appointment, promotion and removal of the senior management personnel at such level(s);

16. Reviewing, amending, modifying and approving all other human resources related policies of our Company from time to time;

17. Reviewing and recommending to the Board, manpower plan/ budget and sanction of new senior management positions from time to time in the future;

18. Reviewing and recommending to the Board, matters relating to revision of compensation/ salary and long term wage settlements;

19. Consideration and approval of employee stock option schemes and to administer and supervise the same;

20. Decision on matters such as quantum of and milestones for grant, eligibility of employees who shall be entitled to grant of options, vesting period and conditions thereof, termination policies etc;

21. Periodically reviewing and re-examining the terms of reference and making recommendations to our Board for any proposed changes;

22. Authorization to obtain advice, reports or opinions from internal or external counsel and expert advisors;

23. Ensuring proper induction program for new directors, KMP and senior management and reviewing its effectiveness along-with ensuring that on appointment, they receive a formal letter of appointment in accordance with guidelines provided under the Companies Act, 2013;

24. Developing a succession plan for our Board and senior management and regularly reviewing the plan;

25. Consideration and determination of the nomination and remuneration policy based on performance and also bearing in mind that the remuneration is reasonable and sufficient to attract, retain and motivate members of the Board and such other factors as the Committee shall deem appropriate;

26. Ensuring that it proactively maintains a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of our Company; and

27. Perform such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by such committee.

C. *Corporate Social Responsibility Committee*

The Corporate Social Responsibility Committee was constituted by a resolution of our Board dated April 7, 2014. The constitution of the Corporate Social Responsibility committee is as follows:

Name of Director	Position in the Committee	Designation
Tarang Jain	Member	Managing Director
Gautam Khandelwal	Member	Independent Director
Padmanabh Sinha	Member	Investor Nominee Director

The terms of reference Corporate Social Responsibility Committee are as follows:

1. To formulate and recommend to the Board, a corporate social responsibility policy which shall indicate the activities to be undertaken by our Company as specified in Schedule VII of the Companies Act 2013 and any amendments thereto;

2. To recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and

3. To monitor the corporate social responsibility policy of our Company from time to time.

D. *Stakeholder Relationship Committee ("SR Committee")*

The SR Committee was constituted by a resolution of our Board dated February 6, 2018. The current constitution of the SR Committee is as follows:

Name of Director	Position in the Committee	Designation
Gautam P. Khandelwal	Chairman	Independent Director
Vijaya Sampath	Member	Independent Director
Ashwani Maheshwari	Member	Whole-time Director

The scope and functions of the SR Committee and its terms of reference are as follows:

1. Redressal of grievances of shareholders, debenture holders and other security holders, including complaints related to the transfer of shares;

2. Collecting and analyzing reports received periodically from the Registrar and the Share Transfer Agent ("**RTA**") on the following:

   a. Complaints regarding non-receipt of the shares, debentures, deposit receipt, declared dividend or interest;
   b. Complaints of investors routed by the SEBI or Stock Exchanges and others;
   c. Transfer, sub-division, consolidation, split, exchange, endorsement, transmission of share certificates and transposition of share certificates;
   d. Issue of share certificates, debenture certificates, duplicate share or debenture certificates in lieu of lost/ torn/ mutilated/ defaced certificates;
   e. Requests relating to de-materialization and re-materialization of shares;
   f. Requests relating to modes of paying the dividend i.e. through electronic clearing service, RTGS and issue of dividend warrant for dividend payment/ interest etc.; and
   g. Complaints related to allotment of shares, transfer or transmission of shares, debentures or any other securities, non-receipt of annual report and non-receipt of declared dividends or any other document
   h. or information to be sent by our Company to its shareholders.

3. Allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;

4. Issue of duplicate certificates and new certificates on split/ consolidation/ renewal/re-materialisation;

5. Non-receipt of declared dividends, balance sheets of our Company, annual report or any other documents or information to be sent by our Company to its shareholders; and

6. Carrying out any other function as prescribed under the SEBI Listing Regulations, Companies Act, 2013 and the rules and regulations made thereunder, each as amended or other applicable law.

The Company Secretary of our Company shall act as secretary to the SR Committee.

E. *IPO Committee*

The IPO Committee constituted by a resolution of our Board dated January 31, 2017 and re-constituted by a resolution of our Board dated July 20, 2017. The current constitution of the IPO Committee is as follows:

Name of Director	Position in the Committee	Designation
Tarang Jain	Member	Managing Director
Gautam Khandelwal	Member	Independent Director
Padmanabh Sinha	Member	Investor Nominee Director
Vijaya Sampath	Member	Independent Director

Scope and terms of reference of the IPO Committee

This Committee is responsible for taking all decisions and approving, negotiating, finalising and carry out all activities relating to the Offer, without requiring any further approval of the Board, including the following:

1. to identify, appoint, remunerate and instruct suitable persons, as the committee may think fit, as escrow collection bunks, bankers to the issue, brokers, sub brokers. syndicate members, placement agents, bankers to the issue, managers, underwriters, guarantors, escrow agents, accountants, auditors, legal counsel, depositories, trustees, custodians, advertising agencies and all such persons or agencies or intermediaries as may be involved in or concerned with the Issue, including any successors or replacements thereto;

2. To guide the intermediaries in the preparation and finalization and submission of the draft red herring prospectus, the red herring prospectus, the prospectus and the preliminary and final international wrap, and approving the same including any amendments, supplements, notices or corrigenda thereto, together with any summaries thereto to SEBI, the Stock Exchanges and other appropriate government and regulatory authorities, institutions or bodies;

3. To make applications to such authorities 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;

4. To recommend to the Board the number of equity shares that may be offered under the Issue, the objects of the Issue, allocation of the equity shares to a specific category of persons and the estimated expenses on the issue as percentage of issue size;

5. Seeking the listing of the equity shares on the stock exchanges, submitting listing applications to the stock exchanges and taking all such actions as may be necessary in connection with obtaining such listing;

6. Seeking, if required, the consent of our Company's lenders, parties with whom our Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents that may be required in connection with the Issue, if any;

7. Determining and finalizing the price band for the offer, any revision to the price band and the final offer Price after bid closure, determining the bid opening and closing dales and determining the price at which the Equity Shares are offered or issued/allotted to investors in the Issue;

8. To open with the bankers to the Public Issue such accounts as are required by the regulations issued by SEBI;

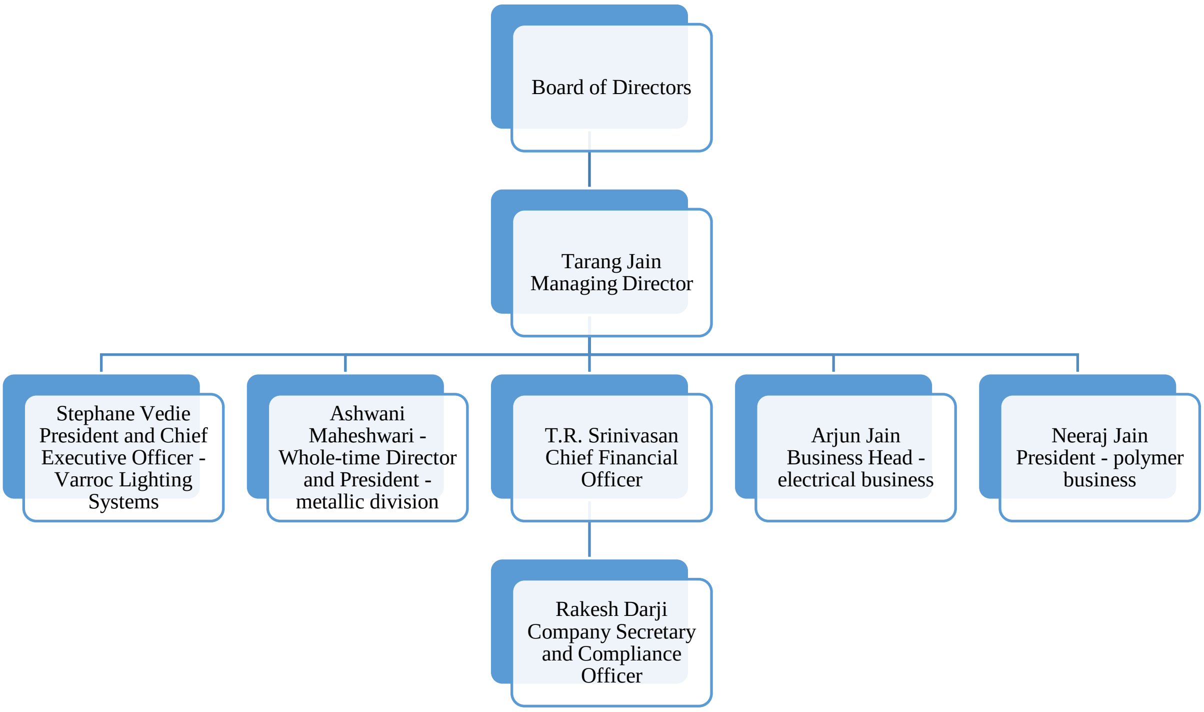
9. To empower the authorized officers to enter into and execute any agreements or arrangements in relation to the IPO;

10. To settle all questions, difficulties or doubts that may arise in regard to such issues or allotment as it may, in its absolute discretion deem fit;

11. To approve code of conduct for the Board, officers of our Company and other employees of our Company and approve other corporate governance requirements as may be considered necessary by the Board or the Committee or as required under applicable laws, regulations or guidelines; and

12. To do all such acts, deeds, matters and things and execute all such other documents, etc. as it may, in its absolute discretion, deem necessary or desirable for the aforesaid purpose.

Management organisation chart



In addition to Tarang Jain, our Promoter and Managing Director, following are our Key Managerial Personnel:

Key Managerial Personnel

In addition to Tarang Jain, our Managing Director and Ashwani Maheshwari, our whole-time Director, the following persons are the Key Managerial Personnel of our Company. Except for Stephane Vedie, who is the president and chief executive officer of Varroc Lighting Systems Inc., our Subsidiary and Neeraj Jain, who is the president – polymer business and whole-time director of VPPL, all our Key Managerial Personnel are permanent employees of our Company. For details of the brief profile of our Managing Director and Whole-time Director, please see "*Our Management - Brief profiles of our Directors*" on page 241. The brief profiles of our other Key Managerial Personnel are as set out below:

Stephane Vedie, 43 years, is the President and Chief Executive Officer of Varroc Lighting Systems. He holds a diploma in purchasing management function from the Academy of Grenoble, France and a degree from Amiens Business School, France. He has previously been associated with Magneti Marelli. He has 13 years of experience in automotive lighting. He joined our Subsidiary, Varroc Lighting Systems Inc. on December 12, 2016 and during Fiscal 2017, he received a remuneration of USD 0.30 million from Varroc Lighting Systems Inc.

T.R. Srinivasan, 51 years, is the Chief Financial Officer of our Company. He holds a bachelor's degree in commerce from Bharathidasan University, Tamil Nadu. He has obtained a post graduate diploma in management from Indian Institute of Management, Calcutta. He is a member of the Institute of Cost and Works Accountant of India. He has previously been associated with Hindustan Lever Limited, Philips Electronics India Limited, Reliance Digital Retail Limited, Siro Clinpharm Private Limited, ATC Tires Private Limited. He has approximately 29 years of work experience. He joined our Company on October 3, 2017 and was appointed as a Chief Financial Officer on February 6, 2018. During Fiscal 2017, he did not receive any remuneration from our Company.

Arjun Jain, 28 years, is Business Head - electrical division of our Company. He holds a bachelor's degree in arts from Vassar College, New York. Previously he was associated with Bain & Company India Private Limited. He joined our Company on October 1, 2013 as the general manager - business excellence division. He was appointed as the business head of the electrical division on May 18, 2015. From July 15, 2015 to February 6, 2018, he was also the whole-time Director of our Company. During Fiscal 2017, he received a remuneration of ₹ 4.80 million from our Company.

Neeraj Jain, 49 years is the President – polymer business of VPPL. He has been associated with VPPL since June 15, 2015. He has obtained a bachelor's degree in engineering (production) from Marathwada University, Maharashtra. He currently a director on the board of our Subsidiaries, VPPL and Team Concepts. He has previously been associated with Philips Electronics India Limited, Tecumseh Products India Private Limited. and Whirlpool of India Limited. He has approximately 25 years of experience in marketing and product development. During Fiscal 2017, he received a remuneration of ₹ 11.30 million from VPPL.

Rakesh Darji, 44, is the Company Secretary and Compliance Officer of our Company. He holds a bachelor's degree in commerce from Gujarat University and a bachelor's of law degree from Gujarat University. He is an associate member of the Institute of Company Secretaries of India. He has previously been associated with Shantilal R. Sanghavi (PCS), Gujarat Ambuja Exports Limited, Gujarat Vita Pharma Limited, M H Finstock Limited, Adani Port Limited, YOU Telecom India Private Limited, Binani Industries Limited, Essar Steel India Limited, and has approximately 21 years of work experience in the secretarial department. He joined our Company on September 7, 2015 and was appointment as Company Secretary on March 29, 2016. During Fiscal 2017, he received a remuneration of ₹ 4.86 million from our Company.

Retirement and termination benefits

Except for the statutory benefits, none of our Key Managerial Personnel would receive any benefits on their retirement or on termination of their employment with our Company.

Family relationships of Key Managerial Personnel

Except Naresh Chandra and Tarang Jain who are related as father and son and Tarang Jain and Arjun Jain who are related as father and son, none of our Key Managerial Personnel are related to one another or to the Directors of our Company.

Arrangements and Understanding with Major Shareholders

None of our Key Managerial Personnel have been selected pursuant to any arrangement or understanding with any major Shareholders, customers or suppliers of our Company, or others.

Shareholding of our Key Managerial Personnel

Except for Arjun Jain holding 5,000 Equity Shares in our Company and as disclosed under sub-section titled "*Shareholding of our Directors in our Company*" and "*Shareholding of our Directors in our Subsidiaries*" on page 244 and 245, respectively, none of our Key Managerial Personnel hold any Equity Shares in our Company.

Service contracts with Key Managerial Personnel

Our Key Managerial Personnel have not entered into any service contracts with our Company, including those which provide for benefits upon termination of employment.

Contingent and deferred compensation payable to Key Managerial Personnel

There is no contingent and deferred compensation payable to Key Managerial Personnel.

Bonus or profit sharing plan of the Key Managerial Personnel

Our Company does not have any formal bonus or profit sharing plan.

Interest of Key Managerial Personnel

Except as disclosed above in relation to our Managing Director and our whole-time Director, the Key Managerial Personnel of our Company 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 and reimbursement of expenses incurred by them during the ordinary course of their service. Some of our Key Managerial Personnel may also be deemed to be interested to the extent of any Equity Shares held by them and dividend which may be payable to them. Further, some of our Key Managerial Personnel may be interested as directors to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses payable to them by some of our Subsidiaries.

Changes in the Key Managerial Personnel in last three years

Name	Designation	Date of Change	Reason
Sanjay Kumar Sachdev	Company Secretary	February 19, 2016	Resignation
Rakesh Darji	Company Secretary	March 29, 2016	Appointment as Company Secretary
B. Padmanabhan	Group Chief Financial Officer	December 31, 2017	Retirement
T.R. Srinivasan	Chief Financial Officer	February 6, 2018	Appointment as Chief Financial Officer

Employees stock option plan

Our Company does not have any employees stock option plan.

Loans, payment or benefit to Key Managerial Personnel and Directors

Our Company and Subsidiaries have not provided any loans or non-salary related payments or benefits within two years preceding the filing of this DRHP and no amount or benefit is intended to be paid or given to any of our Company's officers, including the Directors and Key Managerial Personnel.

OUR PROMOTER AND PROMOTER GROUP

The Promoter of our Company is Tarang Jain. As on the date of this Draft Red Herring Prospectus, our Promoter holds following shares of our Company:

Sr. No.	Name of Directors	Number of shares held	Percentage	Type of shares
1.	Tarang Jain*	50,798,590	41.26	Equity Shares
2.	Tarang Jain**	11,683,770	100.00	Series C CCPS

* *Tarang Jain additionally holds 33,850,000 Equity Shares, in his capacity as the trustee of the TJ Holdings Trust. The trustees of the TJ Holdings Trust are Tarang Jain and Rochana Jain, as the family trustees, and Barclays Wealth Trustees (India) Private Limited, as the managing trustee. Pursuant to the TJ Holdings Trust Deed dated January 13, 2017, Tarang Jain shall, as long as he is acting as the family trustee, exclusively exercise voting rights in our Company with respect to these Equity Shares.*

** *Pursuant to the Amendment Agreement, 11,683,770 Series C CCPS held by Tarang Jain shall be converted into 11,683,770 Equity Shares earlier of: (i) atleast 3 (three) working days prior to filing of the Red Herring Prospectus by our Company with the RoC for undertaking an IPO or any date mutually acceptable to the Parties; or (ii) the IPO Veto Date; (iii) the Conversion Deadline. For further details, see "History and Certain Corporate Matters" on page 220.*

For details of the build-up of our Promoter' shareholding in our Company, see "*Capital Structure – Notes to Capital Structure*" on page 105.

I. Details of our Promoter

Tarang Jain, aged 56 years, is our Managing Director and our Promoter.

Residential Address: "Halcyon", Gut No. 41 (P), Opp. Walmi, Kanchanwadi, Paithan Road, Aurangabad- 431 005, India

Driver's license number: MH20 20100004764

Voter identification number: NWT0304678

For a complete profile of Tarang Jain, i.e. his age, personal address, educational qualifications, experience, positions posts held in the past, other directorships and special achievements, see "*Our Management – Brief Profiles of our Directors*" on page 241.

Our Company confirms that the PAN, passport number and bank account number of our Promoter will be submitted to the Stock Exchanges at the time of submission of this Draft Red Herring Prospectus with them.

Interests of our Promoter and Related Party Transactions

Interest of our Promoter in the Promotion of our Company

Our Promoter is interested in our Company to the extent of remuneration payable to him in his capacity as the Managing Director of our Company, his shareholding in our Company and dividend or other distributions payable, if any, by our Company in relation thereto. Additionally, Tarang Jain holds 33,850,000 Equity Shares in our Company, in his capacity as a Trustee of the TJ Holdings Trust. For further details of our Promoter's shareholding, see "*Capital Structure – Notes to Capital Structure*" on page 105. For details, see "*Our Management – Terms of Appointment of our Managing Director and Whole-time Directors*" and "*Our Management – Key Managerial Personnel*" on pages 243 and 254, respectively.

Our Promoter is not interested as member of any firm or any company and no sum has been paid or agreed to be paid to our Promoter or to such firm or company in cash or shares or otherwise by any person for services rendered by our Promoter or by such firm or company in connection with the promotion or formation of our Company.

Interest of Promoter in the Property of our Company

Our Promoter does not have any interest in any property acquired by our Company during the two years immediately preceding the date of this Draft Red Herring Prospectus or any property proposed to be acquired by our Company or in any transaction including the acquisition of land, construction of building or supply of machinery.

Payment of benefits and guarantees

Other than the remuneration paid to our Promoter in his capacity as the Managing Director of our Company, and any dividends paid on the Equity Shares held by them, no benefits or amounts have been paid to our Promoter during the two years preceding the date of this Draft Red Herring Prospectus. For further details, see "*Our Management – Interest of Directors*".

Confirmations

Our Promoter is not interested in any entity which holds any intellectual property rights that are used by our Company.

As on the date of this Draft Red Herring Prospectus, none of our sundry debtors are related to our Promoter. Further, our Promoter is not related to any beneficiary of loans and advances provided by our Company.

Our Promoter, his relatives and other members of the Promoter Group have not been declared as wilful defaulters as defined under the SEBI ICDR Regulations, and there are no violations of securities laws committed by our Promoter in the past and no proceedings for violation of securities laws are pending against our Promoter as on the date of this Draft Red Herring Prospectus.

As on the date of this Draft Red Herring Prospectus, our Promoter and members of the Promoter Group or any person in control of our Company, have not been debarred or prohibited by SEBI or any other regulatory or governmental authority from accessing capital markets for any reason. Further, our Promoter was not and is not a promoter, director or persons in control of any other company that is or has been debarred or restricted from accessing capital markets under any order or direction made by SEBI or any other authority.

However, SEBI passed an interim order dated April 20, 2009, which directed, amongst others, GHCL Limited, Naresh Chandra, its chairman and Suman Jain (also members of Promoter Group) to not to buy, sell or deal in the securities market. The interim order against Naresh Chandra and Suman Jain was vacated, by SEBI, pursuant to an order dated July 7, 2009. For further details, see "*Other Regulatory and Statutory Disclosures*" on page 567.

Tarang Jain is the original promoter of our Company and there has been no change in control of our Company in the five years preceding the date of filing of this Draft Red Herring Prospectus.

Common Pursuits of our Promoter

Our Promoter is not involved with any venture which is in the same line of activity or business as us.

Disassociation by our Promoter in the preceding three years

There has been no disassociation by our Promoter from any venture during the three years immediately preceding the date of this Draft Red Herring Prospectus.

For details of litigation involving our Promoter, see "*Outstanding Litigation and other Material Developments*" on page 557.

Deed of declaration

A deed of declaration dated March 6, 2018 ("**Deed of Declaration**") was executed between Rochana Jain, wife of Tarang Jain and Vandana Khaitan, sister of Rochana Jain (collectively the "**Parties**"), whereby it has been declared that Vandana Khaitan should not be included as member of the Promotor Group despite of being an immediate relative of Rochana Jain, spouse of the Promotor as (i) the Parties have always pursued, managed and controlled their own independent businesses and currently do not have any interest, except to the extent of 42,776 equity shares *(*being 0.47% of the equity shares capital of UT Limited) held by Rochana Jain in UT Limited, either by themselves and or through their parents, siblings, spouse and children, directly or indirectly, in each other's business and business entities; (ii) except to the extent of 42,776 equity shares (*being* 0.47% of the equity share capital of UT Limited) held by Rochana Jain in UT Limited, Parties are in no way connected, including by way of shareholding interest or of control, either directly or indirectly, with respect to each other's business ventures and (iii) the Parties have not had in past and do not presently, have any professional or association with each other's businesses.

Additionally, under the terms of the deed of declaration the Parties and their heirs shall not disclose names of each other in the offer documents, accordingly, Vandana Khaitan is not being named as member of the Promoter group in this Draft Red Herring Prospectus.

GROUP COMPANIES

In accordance with the SEBI ICDR Regulations, for the purpose of identification of Group Companies, our Company has considered companies covered under the applicable accounting standard, i.e., Indian Accounting Standard 24 issued by the Institute of Chartered Accountants of India ("**Ind AS 24**") as per the Restated Consolidated Financial Information, and other companies as per the materiality policy adopted by the Board pursuant to its resolution dated February 6, 2018 (the "**Group Companies Materiality Policy**"). It is hereby clarified that the Subsidiaries, Joint Ventures and the Investor Selling Shareholders have not been considered as Group Companies. Accordingly, our Company does not have any Group Companies as of the date of this Draft Red Herring Prospectus.

Furthermore, for the purpose of disclosure in connection with the Offer, the companies forming part of the Endurance Group, have not been considered as Group Companies pursuant to the Memorandum of Agreement. For details on the Memorandum of Agreement, the brief particulars of which are given below.

Memorandum of Agreement

Tarang Jain, our Promoter, manages and controls our Company along with its Subsidiaries and all other companies promoted, owned or controlled by him (collectively the "**Varroc Group**"). His brother, Anurang Jain manages and controls Endurance Technologies Limited along with its subsidiaries and all other companies promoted, owned or controlled by him (collectively the "**Endurance Group**", whereas the Endurance Group and the Varroc Group shall be jointly referred to as the "**Group(s)**"). In 2002, our Promoter transferred all the equity shares held by him in the Endurance Group entities by way of a gift to Anurang Jain and likewise, Anurang Jain also transferred all the equity shares held by him in the Varroc Group entities by way of gift to our Promoter. Apart from such transfer of equity shares, our Promoter resigned from the board of all the companies in the Endurance Group and simultaneously, Anurang Jain resigned from the board of all the companies in the Varroc Group.

On March 19, 2010, our Promoter along with Anurang Jain, Naresh Chandra and Suman Jain entered into the Memorandum of Agreement to formally record the understanding that the Varroc Group shall be managed and controlled exclusively by our Promoter while the Endurance Group shall be managed and controlled exclusively by Anurang Jain and that neither of the parties will directly or indirectly participate in the management of the other and the other's business, in any capacity including as promoter, director or key managerial personnel, nor will they directly or indirectly acquire shares in each other's Groups. However, in the event that Naresh Chandra and / or Suman Jain were to sell their holding, whether wholly or in part, in the Varroc Group or the Endurance Group, the offer would initially be made to our Promoter or Anurang Jain, respectively, at a price mutually acceptable to the parties.

In view of the Memorandum of Agreement, (i) Anurang Jain, (ii) the Endurance Group, (iii) any body corporate in which 10% or more of the equity share capital is held by Anurang Jain or any firm or HUF in which Anurang Jain is a member, and (iv) any body corporate in which a body corporate in (iii) above holds 10% or more of the equity share capital, have not been considered as part of the Promoter Group, and details and confirmations in relation to them have not been disclosed in this Draft Red Herring Prospectus. Further, pursuant to the Memorandum of Agreement, the Endurance Group companies have not been considered as Group Companies of our Company and details and confirmations in relation to such companies have not been disclosed in this Draft Red Herring Prospectus.

RELATED PARTY TRANSACTIONS

For details of the related party transactions during the last five financial years, see "*Financial Statements –Restated Consolidated Financial Information*" and "*Financial Statements – Restated Standalone Financial Information*" on pages 271 and 407, respectively.

DIVIDEND POLICY

As on the date of this Draft Red Herring Prospectus, our Company does not have a formal dividend policy. The declaration and payment of dividend on our Equity Shares, if any, will be recommended by our Board and approved by our Shareholders, at their discretion, in accordance with provisions of our Articles of Association and applicable law, including the Companies Act 2013, (together with applicable rules issued thereunder) and will depend on a number of factors, including but not limited to Company's profits, capital requirements, contractual obligations, the overall financial condition of our Company. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deem relevant, including among others, our results of operations, financial condition, revenues, profits, cash flow, cash requirements, capital requirements, business prospects and any other financing arrangements. Our Board may also, from time to time, pay interim dividends.

The dividends declared by our Company on the Equity Shares during fiscals 2017, 2016, 2015, 2014 and 2013 are set forth below:

Particulars	Fiscal 2017*	Fiscal 2016	Fiscal 2015	Fiscal 2014	Fiscal 2013
Face value per equity share (₹)	10	10	10	10	10
Dividend (₹ in million)	40.25	40.25	32.78	6.80	9.09
Dividend (in ₹ per Equity Share)	3.50	3.50	2.85	0.65	0.90
Equity Share Capital (₹)	104,658,510	104,658,510	104,658,510	104,658,490	10,658,490
Rate of dividend (%)	35.00	35.00	28.50	6.50	9.00

* *Our Board by its resolution dated March 8, 2018, declared an interim dividend at the rate of 50% on 123,127,760 Equity Shares.*

However, our dividend history is not necessarily indicative of our dividend payments, if any, or our dividend policy, in the future. We may retain all our future earnings, if any, for use in the operations and expansion of our business. As a result, we may not declare dividends in the foreseeable future.

SECTION V – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

To,
The Board of Directors
Varroc Engineering Limited (formerly Varroc Engineering Private Limited)
Plot No. L-4, MIDC, Waluj,
Aurangabad – 431136

Auditors' Report on Restated Consolidated Financial Information in connection with the Proposed Initial Public Offering of Varroc Engineering Limited (formerly Varroc Engineering Private Limited)

Dear Sirs,

1. This report is issued in accordance with the terms of our agreement dated March 23, 2018.

2. The accompanying restated consolidated financial information, expressed in Indian Rupees in millions, of **Varroc Engineering Limited [formerly Varroc Engineering Private Limited]** (hereinafter referred to as the "Company"), its subsidiaries and joint ventures (the Company and its subsidiaries and joint ventures together referred to as "the Group") comprising Consolidated Financial Information in paragraph A below and Other Consolidated Financial Information in paragraph B below (hereinafter together referred to as "Restated Consolidated Financial Information"), has been prepared by the Management of the Company in accordance with the requirements of:-

   a) Section 26 of the Companies Act, 2013 (hereinafter referred to as the "Act"), read with Rule 4 to Rule 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 (the "Rules"); and

   b) Item (IX) of Part A of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended to date read along with the SEBI circular SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016 (together, the "SEBI Regulations") issued by the Securities and Exchange Board of India (the "SEBI")

   in connection with the Proposed Initial Public Offering of Equity Shares of the Company (the "Issue"), and has been approved by the Board of Directors of the Company on March 25, 2018 and initialed by us for identification purposes only.

Management's Responsibility for the Restated Consolidated Financial Information

3. The preparation of the Restated Consolidated Financial Information, which is to be included in the Draft Red Herring Prospectus ("DRHP"), is the responsibility of the Management of the Company and has been approved by the Board of Directors of the Company, at its meeting held on March 25, 2018 for the purpose set out in paragraph 24 below. The Management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Restated Consolidated Financial Information. The Management is also responsible for identifying and ensuring that the Group complies with the laws and regulations applicable to its activities.

Auditors' Responsibilities

4. Our work has been carried out in accordance with the Standards on Auditing under section 143(10) of the Act, Guidance Note on Reports in Company Prospectuses (Revised 2016) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India and pursuant to the requirements of Section 26 of the Act read with applicable provisions within Rule 4 to Rule 6 of the Rules and the SEBI Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the Rules and SEBI Regulations in connection with the Issue.

5. Our examination of the Restated Consolidated Financial Information has not been carried out in accordance with the auditing standards generally accepted in the United States of America ("U.S."), standards of the US Public Company Accounting Oversight Board and accordingly should not be relied upon by any one as if it had been carried out in accordance with those standards or any other standards besides the standards referred to in this report.

A. Consolidated Financial Information as per Audited Consolidated Financial Statements:

6. We have examined the following Consolidated Financial Statements of the Group contained in Restated Consolidated Financial Information of the Group:-

   a) The Restated Consolidated Statement of Assets and Liabilities of the Group as at December 31, 2017, March 31, 2017, 2016 and 2015 under Ind AS, as set out in Annexure- I and as at March 31, 2014 and 2013 under Indian GAAP, as set out in Annexure-I A;

   b) The Restated Consolidated Statement of Profit and Loss (including other comprehensive income) of the Group for the nine months period ended December 31, 2017 and for the years ended March 31, 2017, 2016 and 2015 under Ind AS, as set out in Annexure-II and the Restated Consolidated Statement of Profit and Loss for the years ended March 31, 2014 and 2013 under Indian GAAP, as set out in Annexure-II A;

   c) The Restated Consolidated Statement of Changes in Equity of the Group for the nine months period ended December 31, 2017 and for the years ended March 31, 2017, 2016 and 2015 under Ind AS, as set out in Annexure-III; and

   d) The Restated Consolidated Statement of Cash Flows of the Group for the nine months period ended December 31, 2017 and for the years ended March 31, 2017, 2016 and 2015 under Ind AS, as set out in Annexure-IV and for the years ended March 31, 2014 and 2013 under Indian GAAP, as set out in Annexure-III A;

7. The Restated Consolidated Financial Information, expressed in Indian Rupees in millions, has been prepared by the Company's Management from the following, and is to be read along with paragraphs 8 and 15 to 23 below:

   a) Audited Consolidated Financial Statements of the Group (expressed in Indian Rupees in millions) as at and for the nine months period ended December 31, 2017, prepared in accordance with the Indian Accounting Standards ("Ind-AS") notified under the Companies (Indian Accounting Standards) Rules 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016 ("Ind AS Rules") and on which we have expressed an unmodified audit opinion vide our report dated March 25, 2018;

   b) Audited Consolidated Financial Statements of the Group (expressed in Indian Rupees in crores) as at and for the year ended March 31, 2017 which include the comparative financial statements as at and for the year ended March 31, 2016 and transition date opening balance sheet as at April 1, 2015 (the "first Ind AS financial statements"), prepared in accordance with the Ind-AS notified under the Ind AS Rules and on which we have expressed unmodified audit opinion vide our report dated July 20, 2017;

   c) Proforma Consolidated Financial Information of the Group (expressed in Indian Rupees in millions) as at and for the year ended March 31, 2015, prepared by making the required Ind AS adjustments to align accounting policies, exemptions and disclosures as adopted for the preparation of the first Ind AS financial statements, to the Audited Consolidated Financial Statements of the Group (expressed in Indian Rupees in crores) as at and for the year ended March 31, 2015, prepared in accordance with the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP") and on which we have expressed unmodified audit opinion vide our report dated September 29, 2015;

d) Audited Consolidated Financial Statements of the Group (expressed in Indian Rupees in crores) as at and for the year ended March 31, 2014 prepared in accordance with the accounting standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 ("Indian GAAP") and on which we have expressed unmodified audit opinion vide our report dated October 29, 2014;

e) Audited Consolidated Financial Statements of the Group (expressed in Indian Rupees in crores) as at and for the year ended March 31, 2013, prepared in accordance with the accounting standards referred to in sub-section 3(C) of section 211 of the Companies Act, 1956 ("Indian GAAP") and on which we have expressed an unmodified audit opinion vide our report dated December 21, 2013;

8. We draw your attention that the Restated Consolidated Financial Information should be read in conjunction with the basis of preparation and significant accounting policies given in Annexure V and Annexure IVA (as described in paragraph B).

9. We have not audited any Consolidated Financial Statements of the Group as at any date or for any period subsequent to December 31, 2017. Accordingly, we do not express any opinion on the financial position, results of operations, cash flows or changes in equity of the Group as at any date or for any period subsequent to December 31, 2017.

B. Other Consolidated Financial Information:

10. At the Company's request, we have also examined the following Other Consolidated Financial Information prepared under Ind-AS relating to the Group as at and for the nine months period ended December 31, 2017 and as at and for each of the years ended March 31, 2017, March 31, 2016 and March 31, 2015, proposed to be included in the DRHP, prepared by the Management of the Company and annexed to the Restated Consolidated Financial Information:

a) Basis of preparation, Significant accounting policies and Notes to Restated Consolidated Financial Information as enclosed in Annexure V;
b) Statement of Adjustments to Audited Consolidated Financial Statements as enclosed in Annexure VI;
c) Restated Consolidated Statements of Secured Borrowings as enclosed in Annexure VII;
d) Restated Consolidated Statement of Principal Terms of Secured Borrowings outstanding as enclosed in Annexure VIIA;
e) Restated Consolidated Statement of Unsecured Borrowings (excluding liability portion of CCPS) as enclosed in Annexure VIII;
f) Restated Consolidated Statement of Other Non-Current Liabilities as enclosed in Annexure IX;
g) Restated Consolidated Statement of Investments as enclosed in Annexure X;
h) Restated Consolidated Statement of Trade Receivable as enclosed in Annexure XI;
i) Restated Consolidated Statement of Loans as enclosed in Annexure XII;
j) Restated Consolidated Statement of Other Income as enclosed in Annexure XIII;
k) Restated Consolidated Statement of Accounting Ratios as enclosed in Annexure XIV;
l) Restated Consolidated Statement of Capitalisation as enclosed in Annexure XV;
m) Restated Consolidated Statement of Dividend Paid as enclosed in Annexure XVI.

11. At the Company's request, we have also examined the following Other Consolidated Financial Information prepared under Indian GAAP, relating to the Group as at and for each of the years ended March 31, 2014 and March 31, 2013, proposed to be included in the DRHP, prepared by the Management of the Company and annexed to the Restated Consolidated Financial Information:

a) Basis of Preparation and Significant Accounting Policies as enclosed in Annexure IVA;
b) Notes to Restated Consolidated Financial Information as enclosed in Annexure VA;
c) Statement of Adjustments to Audited Consolidated Financial Statements as enclosed in Annexure

VIA;

d) Restated Consolidated Statements of Secured Borrowings as enclosed in Annexure VIIA;
e) Restated Consolidated Statement of Unsecured Borrowings as enclosed in Annexure VIIIA;
f) Restated Consolidated Statement of Other Long Term Liabilities as enclosed in Annexure IXA;
g) Restated Consolidated Statement of Investments as enclosed in Annexure XA;
h) Restated Consolidated Statement of Trade Receivables as enclosed in Annexure XIA;
i) Restated Consolidated Statement of Loans and Advances as enclosed in Annexure XIIA;
j) Restated Consolidated Statement of Other Income as enclosed in Annexure XIIIA;
k) Restated Consolidated Statement of Accounting Ratios as enclosed in Annexure XIVA;
l) Restated Consolidated Statement of Dividend paid as enclosed in Annexure XVA.

12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

Opinion

13. In our opinion:

(i) the Restated Consolidated Financial Information of the Group, as attached to this report and as mentioned in paragraphs A and B above, read with the Ind-AS and Indian GAAP basis of preparation and the respective Ind-AS and Indian GAAP significant accounting policies, have been prepared in accordance with the Act, the Rules and the SEBI Regulations;

(ii) adjustments have been made with retrospective effect in respect of changes in the Ind-AS accounting policies of the Group (as disclosed in Annexure VI to this report) to reflect the same accounting treatment as per the accounting policies as at and for the nine months period ended December 31, 2017;

(iii) adjustments have been made with retrospective effect in respect of changes in the accounting policies of the Group (as disclosed in Annexure VIA to this report) to reflect the same accounting treatment as per the accounting policies as at and for the year ended March 31, 2014;

(iv) the material adjustments relating to previous years have been adjusted in the years to which they relate;

(v) there are no qualifications in the auditors' reports which require any adjustments;

(vi) there are no extra-ordinary items which needs to be disclosed separately.

14. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the Consolidated Financial Statements of the Group.

Emphasis of Matter

15. We draw your attention to Note B in Annexure VIA in the Restated Consolidated Financial Information pertaining to the year ended March 31, 2013 regarding adjustment of (a) provision made for losses aggregating ₹ 88.6 million arising on mark to market valuation of derivative option contracts entered into by the Company to hedge its foreign currency borrowings and (b) provision for diminution in the value of investments of ₹ 8.0 million, made against the Business Reconstruction Reserve in accordance with a Scheme of arrangement approved by the Honorable High Court of Judicature at Bombay vide order dated June 18, 2010. Had the Scheme not prescribed the above accounting treatment, the loss before tax for the year would have been higher by ₹ 96.6 million.

Other Matters

Our audit reports on the Audited Ind-AS/Indian GAAP Consolidated Financial Statements of the Group for the respective period/years contain the following other matters which have been summarised below:

16. We did not audit financial statements / financial information of certain subsidiaries which reflect total assets of ₹ 32,669.84 million and ₹ 28,029.61 million and net assets of ₹ 11,753.37 million and ₹ 11,199.13 million as at December 31, 2017 and March 31, 2017 respectively, total revenue of ₹ 42,946.13 million and ₹ 59,416.97 million, total comprehensive income (comprising of profit and other comprehensive income) of ₹ 1,760.25 million and ₹ 1,441.90 million and net cash flows amounting to ₹ (2,082.09) million and ₹ 1,647.29 million respectively for the nine months period ended December 31, 2017 and year ended March 31, 2017, as considered in the Audited Consolidated Ind AS Financial Statements of the respective period / year. The Audited Consolidated Ind AS financial statements also include the Group's share of total comprehensive income (comprising of profit and other comprehensive income) of ₹ 520.29 million and ₹ 780.44 million for the nine months period ended December 31, 2017 and year ended March 31, 2017 respectively, as considered in the Audited Consolidated Ind AS Financial Statements of the respective period / year, in respect of certain joint ventures whose financial statements/ financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Audited Consolidated Ind AS financial statements of those respective period / year insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures and our report insofar as it relates to the aforesaid subsidiaries and joint ventures, is based solely on the reports of the other auditors.

17. We did not audit the financial statements / financial information of certain subsidiaries included in the Audited consolidated financial statements, which constitute total assets of ₹ 4,066.49 million, net assets of ₹ 761.88 million as at December 31, 2017, total revenue of ₹ 2,970.27 million, total comprehensive income (comprising of profit and other comprehensive income) of ₹ 28.68 million and net cash flows amounting to ₹ (67.44) million for the nine months ended on December 31, 2017. However, certain specified procedures on certain financial statement line items constituting total assets of ₹ 2,677.30 million, total liabilities of ₹ 3,078.83 million, total revenues of ₹ 2,970.27 million and total expenses of ₹ 60.81 million have been carried out by other auditors whose reports have been furnished to us by the Management and our opinion on the audited consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

18. The financial statements of certain subsidiaries, which constitute total assets of ₹ 3,234.80 million and net assets of ₹ 553.35 million as at March 31, 2017, total revenue of ₹ 3,157.20 million, total comprehensive income / (loss) (comprising of profit/(loss) and other comprehensive income/(loss)) of ₹ (166.60) million and net cash flows amounting to ₹ 43.83 million for the year ended March 31, 2017 have been prepared in accordance with accounting principles generally accepted in their respective countries and have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries from the accounting principles generally accepted in their respective countries to the accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion for the year in so far as it relates to the balances and affairs of such subsidiaries is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

19. We did not audit the financial statements of certain subsidiaries whose financial statements / financial information reflect total assets of ₹ 470.22 million and ₹ 778.90 million and net assets of ₹ (767.68) million and ₹ (286.85) million as at December 31, 2017 and March 31, 2017 respectively, total revenue of ₹ Nil and ₹ Nil, total comprehensive income / (loss) (comprising of profit/(loss) and other comprehensive income/(loss)) of ₹ (34.37) million and ₹ (28.08) million and net cash flows amounting to ₹ 303.27 million and ₹ 181.93 million respectively for the nine months period ended December 31, 2017 and year

ended March 31, 2017, as considered in the Audited Consolidated Ind AS financial statements of the respective period / year. The Audited Consolidated Ind AS financial statements also include the Group's share of total comprehensive income / (loss) (comprising of profit/ (loss) and other comprehensive income/ (loss)) of ₹ 12.00 million and ₹ 11.48 million for the nine months period ended December 31, 2017 and year ended March 31, 2017 respectively, as considered in the Audited Consolidated Ind AS Financial Statements of the respective period/ year, in respect of certain joint ventures whose financial statements / financial information have not been audited by us. These financial statements /financial information are unaudited and have been furnished to us by the Management and our opinion on the Audited Consolidated Ind AS financial statements of those respective period / year insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entities and our report insofar as it relates to the aforesaid subsidiaries and jointly controlled, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

20. The comparative financial information of the Group as at and for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in the Audited Consolidated Ind AS Financial Statements as of and for the year ended March 31, 2017, are based on the previously issued statutory consolidated financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated October 27, 2016 and September 29, 2015 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

21. We did not audit the financial statements / financial information of certain subsidiaries and a jointly controlled entity (for the years ended March 31, 2013 and 2014) whose financial statements / financial information reflect total assets of ₹ 17,569.16 million, ₹ 13,887.82 million, ₹ 16,165.49 million and ₹ 15,797.80 million and net assets of ₹ 5,649.18 million, ₹ 5,468.27 million, ₹ 4,529.08 million and ₹ 2,584.46 million as at March 31, 2016, 2015, 2014 and 2013 respectively, total revenue of ₹ 29,551.72 million, ₹ 30,663.34 million, ₹ 32,221.11 million and ₹ 24,020.97 million, net profit/ (loss) of ₹ 1,012.63 million, ₹ 1,910.68 million, ₹ 673.29 million and ₹ (682.10) million and net cash flows amounting to ₹ 719.76 million, ₹ (1,380.30) million, ₹ 817.24 million and ₹ 601.80 million, respectively for the years ended on March 31, 2016, 2015, 2014 and 2013 respectively, as considered in the Audited Consolidated Indian GAAP Financial Statements of the respective years. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated audited financial statements of those respective years insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and the jointly controlled entity and our reports insofar as it relates to the aforesaid subsidiaries and the jointly controlled entity, is based solely on the reports of the other auditors.

22. We did not audit the financial statements / financial information of certain subsidiaries and certain jointly controlled entities included in the Audited consolidated financial statements, which constitute total assets of ₹ 17,596.29 million, ₹ 13,015.62 million, ₹ 9,856.86 million and ₹ 3,523.92 million and net assets of ₹ 4,242.83 million, ₹ 2,083.52 million, ₹ 1,369.51 million and ₹ 1,002.60 million as at March 31, 2016, 2015, 2014 and 2013 respectively, total revenue of ₹ 24,013.86 million, ₹ 18,282.54 million, ₹ 13,243.67 million and ₹ 668.38 million, net profit/ (loss) of ₹ 815.51 million, ₹ 551.27 million, ₹ (785.17) million and ₹ 50.49 million and net cash flows amounting to ₹ 504.34 million, ₹ (154.21) million, ₹ 265.21 million and ₹ 125.43 million respectively, for the years ended on March 31, 2016, 2015, 2014 and 2013 respectively, as considered in the Audited Consolidated Financial Statements of the respective years. Specified procedures on these financial statements have been performed by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated audited financial statements of those respective years insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and the jointly controlled entities and our reports insofar as it relates to the aforesaid subsidiaries and the jointly controlled entities, is based solely on the reports of the other auditors.

23. We did not audit the financial statements / financial information of certain subsidiaries and certain jointly controlled entities whose financial statements / financial information reflect total assets of ₹ 143.58 million, ₹ 191.38 million, ₹ 262.95 million and ₹ 1,892.69 million and net assets of ₹ (122.25) million, ₹ (74.94) million, ₹ 458.75 million and ₹ (205.61) million as at March 31, 2016, 2015, 2014 and 2013 respectively, total revenue of ₹ 5.09 million, ₹ 7.21 million, ₹ 209.75 million and ₹ 1,519.11 million, net (loss) of ₹ (18.72) million, ₹ (270.47) million, ₹ (338.77) million and ₹ (134.37) million and net cash flows amounting to ₹ (30.79) million, ₹ 4.90 million, ₹ (270.27) million and ₹ 311.10 million respectively, for the years ended March 31, 2016, 2015, 2014 and 2013 respectively, as considered in the Audited Consolidated Indian GAAP Financial Statements for the respective years. These financial statements/financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entities and our report insofar as it relates to the aforesaid subsidiaries and jointly controlled entities, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

Our opinion is not qualified in respect of the matters stated in paragraphs 15 to 23.

Restriction on Use

24. This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the DRHP, prepared in connection with the Issue, to be filed by the Company with the SEBI and the concerned stock exchanges.

For Price Waterhouse & Co Chartered Accountants LLP
Chartered Accountants
Firm Registration No. 304026E/E-300009

Amit Borkar
Partner
Membership No.: 109846
Place: Pune
Date: March 25, 2018

INDEX
Varroc Engineering Limited

Varroc Engineering Limited

Annexure I
Restated Consolidated Statement of Assets and Liabilities

(₹ in Million)

Particulars	Notes / Annexures	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
ASSETS					
Non current assets					
Property, plant and equipment	Annexure V, Note 3	24,234.91	22,512.05	19,748.54	17,208.36
Capital work-in-progress	Annexure V, Note 3	2,761.09	2,464.58	2,635.97	1,487.98
Investment properties	Annexure V, Note 4	141.92	146.34	152.13	157.92
Goodwill	Annexure V, Note 5	334.72	150.82	150.82	150.82
Other Intangible assets	Annexure V, Note 5	1,476.99	1,146.00	1,209.63	1,068.06
Intangible assets under development	Annexure V, Note 5	750.66	460.80	517.05	286.99
Investments accounted for using the equity method	Annexure V, Note 45	3,225.83	2,927.07	2,643.13	1,959.16
Financial assets					
Investments	Annexure X	3.41	0.20	0.20	0.20
Loans	Annexure XII	101.34	82.59	63.76	58.52
Other financial assets	Annexure V, Note 6	220.93	759.19	827.70	1,169.18
Income tax assets (Net)	Annexure V, Note 7	96.46	153.03	161.50	144.18
Deferred tax assets	Annexure V, Note 17	614.53	130.21	132.44	-
Other non-current assets	Annexure V, Note 8	831.49	486.09	628.91	420.61
Total non-current assets		**34,794.28**	**31,418.97**	**28,871.78**	**24,111.98**
Current assets					
Inventories	Annexure V, Note 9	8,503.87	7,534.72	6,828.87	5,861.03
Financial assets					
Investments	Annexure X	220.13	-	119.40	223.16
Trade receivables	Annexure XI	15,446.16	11,382.85	11,852.03	10,714.49
Cash and cash equivalents	Annexure V, Note 10(a)	1,844.29	3,500.27	1,636.13	561.31
Other bank balances	Annexure V, Note 10(b)	13.25	40.27	134.67	129.02
Loans	Annexure XII	56.02	42.29	39.79	36.59
Other financial assets	Annexure V, Note 11	2,674.87	3,012.51	1,375.73	457.60
Other current assets	Annexure V, Note 12	1,552.54	1,671.92	1,600.15	2,189.50
Total current assets		**30,311.13**	**27,184.83**	**23,586.77**	**20,172.70**
Total Assets		**65,105.41**	**58,603.80**	**52,458.55**	**44,284.68**
EQUITY AND LIABILITIES					
Equity					
Equity and Preference share capital	Annexure V, Note 13	134.81	134.81	262.37	96.14
Other equity					
Reserves and surplus	Annexure V, Note 14	24,768.28	21,683.36	15,609.23	10,741.21
Other reserves	Annexure V, Note 15	1,219.62	35.58	1,757.17	(12.46)
Equity attributable to owners		**26,122.71**	**21,853.75**	**17,628.77**	**10,824.89**
Non-controlling interests		202.20	201.59	202.81	214.46
Total equity		**26,324.91**	**22,055.34**	**17,831.58**	**11,039.35**

Varroc Engineering Limited

Annexure I
Restated Consolidated Statement of Assets and Liabilities

(₹ in Million)

Particulars	Notes / Annexures	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
LIABILITIES					
Non-current liabilities					
Financial Liabilities					
Borrowings	Annexure VII and Annexure VIII				
(i) Borrowings other than covered under (ii) below		6,754.29	7,552.71	5,573.49	4,336.71
(ii) Liability portion of CCPS		-	-	2,060.40	5,894.77
Other financial liabilities	Annexure IX	109.85	91.17	74.70	101.51
Provisions	Annexure V, Note 16	902.09	740.04	765.35	754.62
Deferred tax liabilities (Net)	Annexure V, Note 17	406.95	130.04	472.74	622.02
Other non-current liabilities	Annexure IX	256.79	83.17	79.46	120.40
Total non-current liabilities		**8,429.97**	**8,597.13**	**9,026.14**	**11,830.03**
Current liabilities					
Financial liabilities					
Borrowings	Annexure VII and Annexure VIII	7,145.15	5,991.90	6,418.73	3,830.46
Trade payables					
Total outstanding dues of micro enterprises and small enterprises	Annexure V, Note 18	17.56	25.59	26.88	55.10
Total outstanding dues other than micro enterprises and small enterprises	Annexure V, Note 18	15,698.56	15,036.43	12,139.72	9,773.87
Acceptances		400.01	434.92	524.10	464.26
Other financial liabilities	Annexure V, Note 19	4,706.73	4,691.51	4,996.37	4,754.21
Provisions	Annexure V, Note 20	537.06	597.32	258.27	139.78
Income tax liabilities (Net)	Annexure V, Note 7	29.19	178.90	138.22	16.28
Other current liabilities	Annexure V, Note 21	1,816.27	994.76	1,098.54	2,381.34
Total current liabilities		**30,350.53**	**27,951.33**	**25,600.83**	**21,415.30**
Total liabilities		38,780.50	36,548.46	34,626.97	33,245.33
Total equity and liabilities		**65,105.41**	**58,603.80**	**52,458.55**	**44,284.68**

Note:
The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Restated Consolidated Financial Information appearing in Annexure - V and Statement of Adjustments to Audited Consolidated Financial Statements appearing in Annexure VI.

The notes are an integral part of these financial statements
As per our report of even date

For and on behalf of the Board of Directors

For **Price Waterhouse & Co Chartered Accountants LLP**
Chartered Accountants
Firm Registration No: 304026E/E-300009

NARESH CHANDRA
Chairman

TARANG JAIN
Managing Director

GAUTAM KHANDELWAL
Director

AMIT BORKAR
Partner
Membership No : 109846
Place : Pune
Date : March 25, 2018

THARUVAI R. SRINIVASAN
Group Chief Financial Officer

RAKESH M.DARJI
Company Secretary

Place: Mumbai
Date: March 25, 2018

Varroc Engineering Limited

Annexure II
Restated Consolidated Statement of Profit and Loss

(₹ in Million)

Particulars	Notes / Annexures	For nine months ended December 31, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)
Revenue					
Revenue from operations	Annexure V, Note 22	73,939.01	96,085.40	82,189.00	69,507.70
Other income	Annexure XIII	215.20	937.29	206.20	876.94
Total income		**74,154.21**	**97,022.69**	**82,395.20**	**70,384.64**
Expenses					
Cost of materials consumed	Annexure V, Note 23	44,461.07	59,731.20	49,906.32	41,911.02
Purchases of stock-in-trade		696.93	987.92	1,098.09	487.01
Changes in inventories of work-in-progress, stock-in-trade and finished goods	Annexure V, Note 24	(289.44)	(351.60)	(511.93)	(467.43)
Excise duty		997.85	3,097.52	3,096.79	1,807.78
Employee benefits expense	Annexure V, Note 25	9,590.77	12,037.50	10,399.27	9,022.48
Depreciation and amortisation expense	Annexure V, Note 26	2,792.92	3,370.83	2,922.45	2,539.73
Other expenses	Annexure V, Note 27	12,149.18	14,765.31	12,491.01	10,578.05
Finance costs					
(i) Finance costs other than covered under (ii) below	Annexure V, Note 28	614.88	862.36	840.96	974.35
(ii) Imputed interest and changes in cash flow estimates on liability portion of CCPS (refer Annexure V, Note 13)		-	41.60	(1,267.47)	3,780.43
Total expenses		**71,014.16**	**94,542.64**	**78,975.49**	**70,633.42**
Profit before exceptional items, share of net profits of investments accounted for using equity method and tax		**3,140.05**	**2,480.05**	**3,419.71**	**(248.78)**
Share of net profits of investments accounted for using the equity method		532.29	791.88	498.26	364.78
Profit before exceptional items and tax		**3,672.34**	**3,271.93**	**3,917.97**	**116.00**
Exceptional item	Annexure V, Note 29	-	-	-	517.51
Profit before tax		**3,672.34**	**3,271.93**	**3,917.97**	**633.51**
Income tax expense	Annexure V, Note 30				
Current tax		851.21	574.36	517.56	359.19
Deferred tax		(258.46)	(336.32)	(297.82)	106.23
Total tax expense		**592.75**	**238.04**	**219.74**	**465.42**
Profit for the period/ year		**3,079.59**	**3,033.89**	**3,698.23**	**168.09**
Other comprehensive income					
Items that may be reclassified to profit or loss					
Exchange differences in translating the financial statements of foreign operations		1,179.28	(836.29)	880.81	(898.12)
Deferred losses on cash flow hedges (net of tax)		4.76	0.36	(9.30)	-
		1,184.04	**(835.93)**	**871.51**	**(898.12)**
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit obligations (net of tax)		5.72	(25.92)	23.73	(60.46)
		5.72	**(25.92)**	**23.73**	**(60.46)**
Other comprehensive income for the period/ year (net of tax)		**1,189.76**	**(861.85)**	**895.24**	**(958.58)**
Total comprehensive income for the period/ year		**4,269.35**	**2,172.04**	**4,593.47**	**(790.49)**
Profit attributable to:					
Owners		3,079.20	3,030.10	3,693.59	129.57
Non-controlling interests		0.39	3.79	4.64	38.52
Other comprehensive income attributable to:					
Owners		1,189.76	(861.21)	894.77	(958.21)
Non-controlling interests		-	(0.64)	0.47	(0.37)
Total comprehensive income attributable to:					
Owners		4,268.96	2,168.89	4,588.36	(828.64)
Non-controlling interests		0.39	3.15	5.11	38.15
Earnings per equity share attributable to Owners	Annexure V, Note 41				
Basic		22.84	27.74	38.42	1.35
Diluted		22.84	27.21	21.77	1.35

Note:
The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Restated Consolidated Financial Information appearing in Annexure - V and Statement of Adjustments to Audited Consolidated Financial Statements appearing in Annexure VI.

The notes are an integral part of these financial statements
As per our report of even date

For and on behalf of the Board of Directors

For **Price Waterhouse & Co Chartered Accountants LLP**
Chartered Accountants
Firm Registration No: 304026E/E-300009

NARESH CHANDRA
Chairman

TARANG JAIN
Managing Director

GAUTAM KHANDELWAL
Director

AMIT BORKAR
Partner
Membership No : 109846
Place : Pune
Date : March 25, 2018

THARUVAI R. SRINIVASAN
Group Chief Financial Officer

RAKESH M.DARJI
Company Secretary

Place: Mumbai
Date: March 25, 2018

Annexure III
Restated Consolidated Statement of Changes in Equity

A Equity and preference share capital

	Notes	(₹ in Million)
As at April 1, 2014 (Proforma)		104.66
Less:-Shares directly held by subsidiary acquired during the year		(8.52)
As at 31 March, 2015 (Proforma)	Annexure V, Note 13	**96.14**
Add: Classification of 0.001% Series "A" CCPS from liability to equity	Annexure V, Note 13	166.23
As at March 31,2016		**262.37**
Less:- Conversion of 0.001% Series "A" CCPS to equity	Annexure V, Note 13	(166.23)
Add:- Issue of equity share on conversion of 0.001% Series "A" CCPS	Annexure V, Note 13	18.47
Add:- Issue of 0.0001% Series "B" CCPS	Annexure V, Note 13	8.52
Add:- Issue of 0.0001% Series "C" CCPS	Annexure V, Note 13	11.68
As at March 31,2017		**134.81**
Add: Conversion of series "B" CCPS Preference shares into 852,359 equity shares	Annexure V, Note 13	8.52
Less: Conversion of 852,349 series "B" CCPS Preference shares into equity shares	Annexure V, Note 13	(8.52)
As at December 31,2017		**134.81**

B Other equity

(₹ in Million)

	Notes / Annexures	Reserves and Surplus							Other Reserves			Equity attributable to Owners	Non Controlling Interests	Total Equity
		Retained earnings	General reserve	Debenture redemption reserve	Capital redemption reserve	Capital Reserve	Statutory reserves	Securities premium reserve	Foreign Currency Translation Reserve	Cash flow hedge reserve	Equity component of CCPS			
Balance at April 1, 2014 (Proforma)		(108.98)	4,184.73	-	11.30	2,614.00	472.88	965.75	-	-	885.66	9,025.34	181.93	9,207.27
Profit for the year		129.57	-	-	-	-	-	-	-	-	-	129.57	38.52	168.09
Remeasurement of defined benefit obligation (Net of tax)		(60.09)	-	-	-	-	-	-	-	-	-	(60.09)	(0.37)	(60.46)
Exchange differences in translating the financial statements of foreign operations		-	-				-	-	(898.12)	-	-	(898.12)	-	(898.12)
Total comprehensive income for the year		**69.48**	**-**	**-**	**-**	**-**	**-**	**-**	**(898.12)**	**-**	**-**	**(828.64)**	**38.15**	**(790.49)**
Transfer to general reserve		(10.00)	10.00	-	-							-	-	-
Adjustment on account of shares held by subsidiary in the Company	Annexure V, Note 49(c)	(36.16)	(444.80)	-	-	(207.16)	(41.16)	(118.41)	-	-	-	(847.69)	-	(847.69)
Addition during the year on account of acquisition of subsidiary	Annexure V, Note 49(a)	-	-	-	-	3,619.63	-	-	-	-	-	3,619.63	-	3,619.63
Adjustment on account of sale of subsidiary	Annexure V, Note 50	-	-	-	-	(176.50)	-	-	-	-	-	(176.50)	-	(176.50)
Dividend paid (including dividend distribution tax Rs 6.40 million)		(36.74)	-	-	-	-	-	-	-	-	-	(36.74)	-	(36.74)
Transitional effect as per the provision of Schedule II of the Companies Act (Net of tax)	Annexure V, Note 13	(26.65)	-	-	-	-	-	-	-	-	-	(26.65)	(5.62)	(32.27)
Balance at March 31, 2015 (Proforma)		**(149.05)**	**3,749.93**	**-**	**11.30**	**5,849.97**	**431.72**	**847.34**	**(898.12)**	**-**	**885.66**	**10,728.75**	**214.46**	**10,943.21**

(₹ in Million)

	Notes / Annexures	Reserves and Surplus							Other Reserves			Equity attributable to Owners	Non Controlling Interests	Total Equity
		Retained earnings	General reserve	Debenture redemption reserve	Capital redemption reserve	Capital Reserve	Statutory reserves	Securities premium reserve	Foreign Currency Translation Reserve	Cash flow hedge reserve	Equity component of CCPS			
Balance at April 1, 2015		(1,533.83)	3,747.14	-	11.30	6,330.54	365.50	612.85	-	-	885.66	10,419.16	203.36	10,622.52
Profit for the year		3,693.59										3,693.59	4.64	3,698.23
Remeasurement of defined benefit obligation (Net of tax)		23.26	-	-	-	-	-	-	-	-	-	23.26	0.47	23.73
(Gain)/loss on changes in fair value of hedging instrument (net of tax)		-	-	-	-	-	-	-	-	(9.30)	-	(9.30)	-	(9.30)
Exchange differences in translating the financial statements of foreign operations		-	-	-	-	-	-	-	880.81	-	-	880.81	-	880.81
Total comprehensive income for the year		**3,716.85**	**-**	**-**	**-**	**-**	**-**	**-**	**880.81**	**(9.30)**	**-**	**4,588.36**	**5.11**	**4,593.47**
Transactions with owners in their capacity of owners:														
Dividend paid (including dividend distribution tax Rs 4.67 million)		(41.71)	-	-	-	-	-	-	-	-	-	(41.71)	(5.89)	(47.60)
Others		-	-	-	-	-	-	-	-	-	-	-	0.23	0.23
Classification of 0.001% Series "A" CCPS into equity shares	Annexure V, Note 13	-	-	-	-	-	-	2,400.59	-	-	-	2,400.59	-	2,400.59
Balance at March 31, 2016		**2,141.31**	**3,747.14**	**-**	**11.30**	**6,330.54**	**365.50**	**3,013.44**	**880.81**	**(9.30)**	**885.66**	**17,366.40**	**202.81**	**17,569.21**

(₹ In Million)

	Notes / Annexures	Reserves and Surplus							Other Reserves			Equity attributable to Owners	Non Controlling Interests	Total Equity
		Retained earnings	**General reserve**	**Debenture redemption reserve**	**Capital redemption reserve**	**Capital Reserve**	**Statutory reserves**	**Securities premium reserve**	**Foreign Currency Translation Reserve**	**Cash flow hedge reserve**	**Equity component of CCPS**			
Balance at April 1, 2016		2,141.31	3,747.14	-	11.30	6,330.54	365.50	3,013.44	880.81	(9.30)	885.66	17,366.40	202.81	17,569.21
Profit for the year		3,030.10	-	-	-	-	-	-	-	-	-	3,030.10	3.79	3,033.89
Remeasurement of defined benefit obligation (Net of tax)		(25.28)	-	-	-	-	-	-	-	-	-	(25.28)	(0.64)	(25.92)
(Gain)/loss on changes in fair value of hedging instrument (net of tax)	Annexure V, Note 19	-	-	-	-	-	-	-	-	0.36		0.36		0.36
Exchange differences in translating the financial statements of foreign operations		-	-	-	-	-	-	-	(836.29)	-		(836.29)	-	(836.29)
Total comprehensive income for the year		**3,004.82**	**-**	**-**	**-**	**-**	**-**	**-**	**(836.29)**	**0.36**	**-**	**2,168.89**	**3.15**	**2,172.04**
Transfer to debenture redemption reserve		(200.00)	-	200.00	-	-	-	-	-	-	-	-	-	-
Transactions with owners in their capacity of owners:														
Dividend paid (including dividend distribution tax Rs 8.87 million)		(45.91)	-	-	-	-	-	-	-	-	-	(45.91)	(4.08)	(49.99)
Conversion of 0.001% Series "A" CCPS into equity shares	Annexure V, Note 13	-	-	-	-	-	-	3,135.43	-	-	(885.66)	2,249.77	-	2,249.77
Others		-	-	-	-	-	-	-	-	-	-	-	(0.29)	(0.29)
Issue of 0.0001% Series "B" CCPS and Series "C" CCPS		-	-	-	-	-	-	(20.21)	-	-	-	(20.21)	-	(20.21)
Balance at March 31, 2017		**4,900.22**	**3,747.14**	**200.00**	**11.30**	**6,330.54**	**365.50**	**6,128.66**	**44.52**	**(8.94)**	**-**	**21,718.94**	**201.59**	**21,920.53**

(₹ In Million)

	Notes / Annexures	Reserves and Surplus							Other Reserves			Equity attributable to Owners	Non Controlling Interests	Total Equity
		Retained earnings	**General reserve**	**Debenture redemption reserve**	**Capital redemption reserve**	**Capital Reserve**	**Statutory reserves**	**Securities premium reserve**	**Foreign Currency Translation Reserve**	**Cash flow hedge reserve**	**Equity component of CCPS**			
Balance at April 1, 2017		4,900.22	3,747.14	200.00	11.30	6,330.54	365.50	6,128.66	44.52	(8.94)	-	21,718.94	201.59	21,920.53
Profit for the period		3,079.20	-	-	-	-	-	-	-	-	-	3,079.20	0.39	3,079.59
Remeasurement of defined benefit obligation (Net of tax)		5.72	-	-	-	-	-	-	-	-	-	5.72	-	5.72
(Gain)/loss on changes in fair value of hedging instrument (net of tax)	Annexure V, Note 19	-	-	-	-	-	-	-	-	4.76		4.76	-	4.76
Exchange differences in translating the financial statements of foreign operations		-		-	-	-	-	-	1,179.28	-	-	1,179.28	-	1,179.28
Total comprehensive income for the period		**3,084.92**	**-**	**-**	**-**	**-**	**-**	**-**	**1,179.28**	**4.76**	**-**	**4,268.96**	**0.39**	**4,269.35**
Transfer to debenture redemption reserve		(125.00)	-	125.00	-	-	-	-	-	-		-		-
Transactions with owners in their capacity of owners:														
Impact on account of capital reduction	Annexure V, Note,13(f))	205.95	447.59	-	-	(760.26)	45.30	61.42	-	-	-	-	-	-
Others		-	-	-	-	-	-	-	-	-	-	-	0.22	0.22
Balance at December 31, 2017		**8,066.09**	**4,194.73**	**325.00**	**11.30**	**5,570.28**	**410.80**	**6,190.08**	**1,223.80**	**(4.18)**	**-**	**25,987.90**	**202.20**	**26,190.10**

Note:
The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Restated Consolidated Financial Information appearing in Annexure - V and Statement of Adjustments to Audited Consolidated Financial Statements appearing in Annexure VI.

The notes are an integral part of these financial statements

For and on behalf of the Board of Directors

As per our report of even date
For **Price Waterhouse & Co Chartered Accountants LLP**
Chartered Accountants
Firm Registration No: 304026E/E-300009

AMIT BORKAR
Partner
Membership No : 109846
Place : Pune
Date : March 25, 2018

TARANG JAIN
Managing Director
Place: Mumbai
Date: March 25, 2018

NARESH CHANDRA
Chairman

THARUVAI R. SRINIVASAN
Group Chief Financial Officer

GAUTAM KHANDELWAL
Director

RAKESH M.DARJI
Company Secretary

Annexure IV
Restated Consolidated Statement of Cash Flows

(₹ in Million)

Sr. No.	Particulars	For nine months ended December 31, 2017		Year ended March 31, 2017		Year ended March 31, 2016		Year ended March 31, 2015 (Proforma)	
A	**Cash flow from operating activities**								
	Net Profit before tax		**3,672.34**		**3,271.93**		**3,917.97**		**633.51**
	Adjustments for:								
	Depreciation and amortization expense	2,792.92		3,370.83		2,922.45		2,539.73	
	Loss/ (Profit) on sale of Property, plant and equipment / Intangible assets	3.34		5.82		(17.72)		10.13	
	Provision for doubtful debts and advances	9.29		44.89		41.51		-	
	Finance costs	614.88		862.36		840.96		974.35	
	Gain on sale of current investments	(2.38)		(59.41)		(10.70)		(22.18)	
	Share in profit of Joint Venture accounted for using the Equity Method	(532.29)		(791.88)		(498.26)		(364.78)	
	Imputed interest and changes in cash flow estimate on liability portion of CCPS	-		41.60		(1,267.47)		3,780.43	
	Profit on sale of subsidiary (net)	-		-		-		(517.51)	
	Rent income from Investment property	(24.38)		(31.89)		(29.64)		(35.63)	
	Government grants	(104.73)		(117.31)		(46.56)		(55.79)	
	Interest income	(4.74)	2,751.91	(15.03)	3,309.98	(27.43)	1,907.16	(20.54)	6,288.21
	Operating profits before working capital changes		6,424.25		6,581.91		5,825.13		6,921.72
	Adjustments for changes in:								
	Inventories	(434.40)		(1,023.00)		(949.11)		(1,115.10)	-
	Trade receivables	(3,199.10)		(155.07)		(2,431.93)		(2,452.36)	-
	Other Assets	1,458.53		(2,021.77)		209.42		34.78	-
	Trade payables	(562.89)		3,380.50		1,820.45		(1,750.74)	-
	Other liabilities and Provisions	410.52		514.35		(1,164.33)		219.55	-
			(2,327.34)		695.01		(2,515.50)	-	(5,063.87)
	Cash generated from operations		4,096.91		7,276.92		3,309.63		1,857.84
	Taxes paid		(951.41)		(511.92)		(404.72)		(574.44)
	Net cash generated from operating activities		3,145.50		6,765.00		2,904.91		1,283.40
B	**Cash flow from investing activities**								
	Dividend received	240.22		202.40		4.85		-	
	Interest received	4.74		15.03		30.92		20.54	
	Government grant received during the period	21.81		-		-		-	
	(Purchase)/ proceeds from sale of current investments (net)	(217.75)		178.80		114.46		341.85	
	(Purchase)/ proceeds from sale of non current investments (net)	(3.21)		65.20		-		-	
	Rent received on investment properties	24.38		31.89		29.64		35.63	
	Acquisition of business, net of cash acquired	(500.94)		-		-		(54.98)	
	Proceeds from Sale of Subsidiary	-		-		-		414.30	
	Proceeds from sale of Property, plant and equipment	112.67		45.08		69.19		17.83	
	Purchase of Property, plant and equipment	(4,263.87)		(6,288.75)		(6,061.39)		(3,526.19)	
	Fixed deposits redeemed (net)	8.27		96.00		0.55		97.37	
	Capital subsidy received	-		-		26.57		199.75	
	Net cash used in investing activities		(4,573.68)		(5,654.35)		(5,785.21)		(2,453.89)
C	**Cash flow from financing activities**								
	Increase in borrowings	283.83		1,838.60		4,752.36		1,717.99	
	Dividend on equity and preference shares including tax thereon	-		(45.90)		(41.71)		(36.74)	
	Interest paid	(571.43)		(856.18)		(849.88)		(978.16)	
	Net cash generated from financing activities		(287.60)		936.52		3,860.77		703.09
	Net increase/ (decrease) in Cash and Cash Equivalents		(1,715.78)		2,047.17		980.47		(467.40)
	Opening cash and cash equivalents		3,053.21		1,118.61		105.95		975.30
	Effect of exchange difference on translation of foreign currency cash and cash equivalents		360.87		(112.57)		32.19		(401.95)
	Total		**3,414.08**		**1,006.04**		**138.14**		**573.35**
	Closing cash and cash equivalents		**1,698.30**		**3,053.21**		**1,118.61**		**105.95**

Annexure IV
Restated Consolidated Statement of Cash Flows

(₹ in Million)

Particulars	For nine months ended December 31, 2017	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015 (Proforma)
Cash and cash equivalents consists of				
Cash in hand	2.50	2.10	2.22	2.54
Bank balances				
Current accounts	1,841.79	3,498.17	1,633.91	558.77
Bank overdraft (Refer Annexure VII)	(145.99)	(447.06)	(517.52)	(455.36)
	1,698.30	**3,053.21**	1,118.61	105.95

Notes:

1 The above Statement of Cash Flows has been prepared under the indirect method as set out in Ind AS 7 :on "Statement of Cash flows ".

2 Figures in brackets represent out flow of Cash and cash equivalents.

3 The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Restated Consolidated Financial Information appearing in Annexure - V and Statement of Adjustments to Audited Consolidated Financial Statements appearing in Annexure VI.

As per our report of even date
For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration No: 304026E/E-300009
Chartered Accountants

For and on behalf of the Board of Directors

NARESH CHANDRA
Chairman

TARANG JAIN
Managing Director

AMIT BORKAR
Partner
Membership No. 109846
Place : Pune
Date : March 25, 2018

GAUTAM KHANDELWAL
Director

THARUVAI R. SRINIVASAN
Group Chief Financial Officer
Place: Mumbai
Date: March 25, 2018

RAKESH M.DARJI
Company Secretary

Varroc Engineering Limited

Annexure V
Basis of preparation and significant accounting policies for the period / years ended December 31, 2017, March 31, 2017, 2016 and 2015.

Background

Varroc Engineering Limited (the "Company") is a limited liability Company, primarily engaged in the business of auto components and services in the automotive industry to Indian and global customers. The Company, its subsidiaries and jointly controlled entities operate from manufacturing plants and technical development centers across 4 continents and 12 countries spread across the globe.

Note 1: Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these Consolidated Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of the Company, its subsidiaries and Joint ventures.

(a) Basis of preparation

(i) Presentation of Consolidated Ind AS financial statements

The Restated Consolidated Statement of Assets and Liabilities of the group as at December 31, 2017, March 31, 2017, 2016 and 2015 and the Restated Consolidated Statement of Profit and Loss, the Restated Consolidated Statement of Changes in Equity and the Restated Consolidated Statement of Cash Flows for nine months ended December 31, 2017 and for the years ended March 31, 2017, 2016, and 2015 and Restated Other Consolidated Financial Information (hereinafter collectively referred to as "Restated Consolidated Financial Information") has been prepared under Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013. The Restated Consolidated Financial Information has been compiled by the group for the nine months period ended December 31, 2017, year ended March 31, 2017 and year ended March 31, 2016 from the Audited Consolidated Financial Statements of the Company prepared under Ind AS and for the year ended March 2015 have been compiled based on Audited Consolidated Financial Statement prepared under previous generally accepted accounting principles (Indian GAAP) ("Audited Consolidated Financial Statements") adjusted in conformity with Ind AS.
During the preparation of financial statements for the period ended Dec 31, 2017, the Management has identified a computational error pertaining to the March 31, 2017 financial statements of one of its subsidiaries and has rectified the said error by restating the comparative balances of March 31, 2017. The restated consolidated financial information has been compiled by the Group for the year ended March 31, 2017, from the audited financial statements as originally signed and adjusted the said error in the restated financial statements for the year ended March 31, 2017.

The Restated Consolidated Financial Information have been prepared by the Management in connection with the proposed listing of equity shares of the Company by way of an initial public offer, which is to be filed by Company with the Securities and Exchange Board of India ("SEBI"), the Registrar of Companies, Mumbai and the concerned Stock Exchanges in accordance with the requirements of:

a) Section 26 read with applicable provisions within Rules 4 to 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 to the Companies Act, 2013; and
b) The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by the SEBI on August 26, 2009, as amended to date in pursuance of provisions of Securities and Exchange Board of India Act, 1992 read along with SEBI circular No. SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 2016 (together referred to as the "SEBI regulations").

These Restated Consolidated Financial Information and Other Consolidated Financial Information have been extracted by the Management from the Audited Consolidated Financial Statements and :

- there were no audit qualifications on these financial statements,
- there were no changes in accounting policies during the years of these financial statements,
- material amounts relating to adjustments for previous years in arriving at profit/loss of the years to which they relate, have been appropriately adjusted,
- adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited Consolidated Financial Statements of the Group as at and for the nine months ended December 31, 2017 and the requirements of the SEBI Regulations, and
- the resultant tax impact on above adjustments has been appropriately adjusted in deferred tax in the respective years and the impact of current tax in respect of short/excess income tax arising out of assessments, appeals, revised income tax returns, etc., has been adjusted in the current tax of respective years to which they relate.

The Proforma financial information of the Group as at and for the year ended March 31, 2015, is prepared in accordance with requirements of SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/4 dated March 31, 2016 ("SEBI Circular") and Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by ICAI ("Guidance Note"). As envisaged by the SEBI Circular, the Group has followed the same accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) as initially adopted on its Ind AS transition date (i.e. April 1, 2015) while preparing proforma financial information for the FY 2014-15 and accordingly suitable restatement adjustments in the accounting heads have been made in the proforma financial information. This proforma Ind AS financial information have been prepared by making Ind AS adjustments to the audited Indian GAAP financial statements as at and for the year ended March 31, 2015.

As specified in the Guidance Note, the equity balance computed under Proforma Consolidated Ind AS financial statements for the year ended March 31, 2015 and equity balance computed in opening Ind AS Balance sheet as at transition date (i.e. April 1, 2015), prepared for filing under Companies Act, 2013, differs due to restatement adjustments made as at April 1, 2014 and for the year ended 2014-15. Accordingly, the closing equity balance as at March 31, 2015 of the Proforma Consolidated Ind AS financial statements has not been carried forward to opening Ind AS Balance sheet as at transition date already adopted for reporting under Companies Act, 2013. Reconciliation of the same is disclosed in Annexure V note 2F.

(ii) Compliance with Ind AS

The Consolidated Financial Statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended March 31, 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

Financial statement for the year ended March 31, 2017 were the first set of Ind AS financial statements issued by the Group, hence were covered by Ind AS 101, 'First Time Adoption of Indian Accounting Standards'. The transition to Ind AS has been carried out from the accounting principles generally accepted in India ('Indian GAAP'), which is considered as the Previous GAAP, for purposes of Ind AS 101. Reconciliations and explanations of the effect of the transition from Previous GAAP to Ind AS on the Group's Equity, Statement of Profit and Loss and Cash Flow Statement are provided in Annexure V note 2E.1 to 2E.5.

The preparation of the Consolidated Financial Statements requires the use of certain critical accounting estimates and judgements. It also requires the Management to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2A and Note 2B.

All amounts included in these Consolidated Financial Statements are reported in millions of Indian rupees (₹ In million) except per share data and unless stated otherwise.

(iii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) that are measured at fair value; and
- defined benefit plans plan assets measured at fair value;

(iv) Current - Non-current classification:

All assets and liabilities have been classified as current or non-current as per the group's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the group has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

(b) Principles of consolidation and equity accounting

The Consolidated Financial Statements comprise the financial statements of the Company and its subsidiaries.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the Consolidated Financial Statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

(i) Subsidiaries

Subsidiaries are all entities over which the group has control. The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and Balance sheet respectively.

(ii) Joint arrangements

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

a) Joint ventures

Interests in joint ventures are accounted for using the equity method (see (iii) below), after initially being recognized at cost in the Consolidated Financial Statements.

b) Joint operations

The group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

(iii) Equity Method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the group’s share of the post-acquisition profits or losses of the investee in profit and loss and the group’s share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

When the group’s share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group’s interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note 1(i) below.

(iv) Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized within equity.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

(v) The assets and liabilities of foreign operations are translated at the year end exchange rate and all the items in the Statement of Profit and Loss are translated at the average exchange rate prevailing during the year. The resultant translation gains and losses are shown separately as ‘Foreign currency translation reserve’ under Reserves and Surplus. These are transferred to the Statement of Profit and Loss on disposal of the non-integral foreign operations.

(vi) The difference between the cost of investment in the subsidiaries and jointly controlled entities, over the net assets at the time of acquisition of investment is recognised in the financial statements as Goodwill or Capital Reserve on consolidation as the case may be.

vii) The list of subsidiaries and joint venture considered in the Consolidated Financial Statements is given in Note 38 A.

(c) Foreign currency translation

The Group's Consolidated Financial Statements are presented in INR, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognized in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., Consolidated Financial Statements when the foreign operation is a subsidiary), such exchange differences are recognized initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.

- Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.

- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.
- 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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in profit or loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of transition to Ind AS (1 April 2015), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition. Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

(d) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. 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 Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Group has assumed that recovery of excise duty flows to the group on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the group on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT) and Goods and service tax (GST) is not received by the group 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.

The specific recognition criteria described below must also be met before revenue is recognized.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. The Group provides normal warranty provisions on some of its products sold, in line with the industry practice. A liability is recognized at the time the product is sold. The Group does not provide any extended warranties.

Sale of services

Income from services is recognised on the basis of time/work completed as per contract with the customers. The Group collects service tax and GST on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. Hence, it is excluded from revenue.

Contract Revenue

Revenue in respect of projects for construction of the tools and design of engineering services etc. which qualify as construction contracts as per conditions of IND AS 11 is recognized on the basis of percentage of completion method.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the Management (some of which are a technical nature) of the costs of completion, the expected revenues from each contract (adjusted for probable liquidated damages, if any) and the foreseeable losses to completion.

Stage of completion of each contract is determined by the proportion that aggregate contract costs incurred for work done till the balance sheet date bear to the estimated total contract cost.

Amounts which relate to recoverable costs and accrued profits thereon, which are not yet billed on contracts are presented as Unbilled Revenue. Unearned revenue represents billing (for which payment has been received) in excess of revenue recognized. They are presented as current assets / liabilities except for those realizing / getting earned later than 12 months after the reporting date, which is presented as non-current assets / liabilities respectively.

Foreseeable losses, if any, on the contracts is recognised as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend

Revenue is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Wind/solar power generation

Income from the wind / solar power generation is recognised when earned on the basis of contractual arrangements with the buyers.

(e) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to purchase of property plant and equipment are included in current and non-current liabilities as deferred income and are credited to profit or loss on straight-line basis over the expected lives of the related assets and presented within other income.

(f) Income tax

Current income-tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized 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, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting 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 tax asset to be utilised. 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 and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognized within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognized in OCl/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognized in profit or loss.

(g) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

As a lessee

Leases where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease’s inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor’s expected inflationary cost increases.

As a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group'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.

(h) Business combinations

In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from April 01, 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill and capital reserve have been carried forward. The same first time adoption exemption is also used for joint ventures.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognized in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognizes the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

(i) Impairment of assets

The Group 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 Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. 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 fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit or loss.

Goodwill is tested for impairment annually as at the year-end and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at the year-end at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

(j) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits 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 consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash Management.

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(l) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.

- Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognized in OCI, in respect of the purchases of raw materials.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Duties and other taxes (other than those subsequently recoverable by the entity from the taxing authority) are included in the value of inventory.

(m) Financial instruments

Financial Assets

Initial Recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit and loss, transactions costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

- Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included in finance costs/income in the Statement of Profit or Loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

- Debt instrument at FVTOCI

(a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

(b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the P&L. On de-recognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income under EIR method.

- Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI is classified as FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instruments as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in P&L.

- Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind-AS 103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such an election on an instrument-by-instrument basis. This classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on the sale of the investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in P&L.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

In accordance with Ind-AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:-

(a) Financial assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balance

(b) Financial assets that are debt instruments and are measured at FVTOCI

(c) Lease receivables under Ind-AS 17

(d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.

(e) Loan commitments which are not measured as at FVTPL

(f) Financial guarantee contracts which are not measured as at FVTPL

The Group follows 'simplified approach' for recognition of impairment loss allowance on:

Trade receivables and

All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group is in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

- Cash flows from the sale of the collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. On that basis, the Group estimates the following provision matrix at the reporting date:

Default Rate

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured at amortized cost, contract assets and lease receivables: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet i.e. as a liability.

- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Group does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/origination.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- **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 Group that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/losses are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The Group has not designated any financial liability as at fair value through profit and loss.

- **Loans and borrowings**

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss. This category generally applies to interest bearing loans and borrowings.

- **Financial guarantee contracts**

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of the debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per the impairment requirements of Ind-AS 109 and the amount recognized less cumulative amortization.

Derecognition

A financial liability is derecognized 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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Embedded Derivatives

If the hybrid contract contains a host that is a financial asset within the scope of Ind-AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind-AS 109 to the entire hybrid contract.

Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the hose contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss, unless designated as effective hedging instruments. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

Embedded derivatives closely related to the host contracts are not separated.

Embedded foreign currency derivatives

Embedded foreign currency derivatives are not separated from the host contract if they are closely related. Such embedded derivatives are closely related to the host contract, if the host contract is not leveraged, does not contain any option feature and requires payments in one of the following currencies:

- the functional currency of any substantial party to that contract,
- the currency in which the price of the related good or service that is acquired or delivered is routinely denominated in commercial transactions around the world,
- a currency that is commonly used in contracts to purchase or sell non-financial items in the economic environment in which the transaction takes place (i.e. relatively liquid and stable currency)

Foreign currency embedded derivatives which do not meet the above criteria are separated and the derivative is accounted for at fair value through profit and loss. The group currently does not have any such derivatives which are not closely related.

Reclassification of financial assets and liabilities

The Group 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.

The Group's senior Management determines changes in the business model as result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to the operations.

If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassifications and how they are accounted for:

Original Classification	Revised	Accounting Treatment
Amortized cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in P&L.
FVTPL	Amortized cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortized cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in OCI. No change in EIR due to reclassification.
FVTOCI	Amortized cost	Fair value at reclassification date becomes its new amortized cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortized cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

(n) Offsetting 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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

(o) Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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 Group. 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 Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (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 Group 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.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions (refer note 33)
- Quantitative disclosures of fair value measurement hierarchy (refer note 33)
- Financial instruments (including those carried at amortized cost) (refer note 33)

(p) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively. 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. 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, except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk Management objective and strategy for undertaking the hedge. The documentation includes the group's risk Management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognized in finance costs and the ineffective portion relating to commodity contracts is recognized in other income or expenses.

Amounts recognized as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

The Group does not use hedges of fair value and net investment.

(q) Property, plant and equipment

Freehold land is carried at historical cost except in case of certain freehold land which are at revalued amounts. All other items of property, plant and equipment are stated at historical cost less depreciation except in case of certain assets which are at revalued amounts. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 group 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 or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of certain leased furniture, fittings and equipment, the shorter lease term as follows:

· Leasehold Land	Amortised over the period of lease
· Buildings	30- 50 years
· General Plant and Machinery	8-20 years
· Moulds	4-7 years
· Computers	3-7 years
· Vehicles	4-7 years
· Furniture and Fixtures	5-15 years
· Other Assets	4-10 years

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

The useful lives have been determined based on technical evaluation done by the Management's expert which are different than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/ (losses).

(r) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are depreciated using the straight-line method over their estimated useful lives. Investment properties generally have a useful life of 30-50 years. The useful life has been determined based on technical evaluation performed by the Management's expert.

(s) Intangible assets

(i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal Management purposes, which in our case are the operating segments.

(ii) Computer software

Costs associated with maintaining software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- Management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

(iii) Research and development

Research expenditure and development expenditure that do not meet the criteria in (ii) above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Product development costs are amortised over a period of 3 to 5 years.

(iv) Amortisation methods and periods

The group amortises intangible assets with a finite useful life using the straight-line method over the following periods:

Computer software and ERP system	3-5 years

(v) Costs of intangible assets other than those internally generated, including patents and licenses, are valued at acquisition cost and amortized on a straight-line basis over their estimated future useful lives.

(t) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(u) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

(v) Provisions

General

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a 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 Group 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 or 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.

Warranty provisions

Provisions for warranty-related costs are recognized when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Provision for onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

Contingent liabilities recognized in a business combination

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognized in accordance with the requirements for provisions above or the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with the requirements for revenue recognition.

(w) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leaves are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The group operates the following post-employment schemes:

(a) defined benefit plans such as gratuity, pension; and

(b) defined contribution plans such as provident fund

Pension and Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans

The Group makes contributions to funds for certain employees to the regulatory authorities. The group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Bonus plans

The group recognises a liability and an expense for bonuses. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(v) Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(x) Contributed equity

Equity instrument including its component parts are classified in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

(y) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(z) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

· the profit attributable to owners of the group

· by the weighted average number of equity shares outstanding during the financial year. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

· the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

· the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

Dilutive potential equity shares are deemed converted as at the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all years presented for any share splits and bonus shares issues including for changes effected prior to the authorization for issue of the Consolidated Financial Statements by the Board of Directors.

(aa) Contingent liabilities

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

(ab) Treasury Shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in capital reserve.

(ac) Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognized net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable

- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Note 2 A Significant accounting judgements, estimates and assumptions

The preparation of the group’s financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the accompanying disclosures.
These judgments, estimates and assumptions are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

This note provides an overview of the areas that involve a higher degree of judgments or complexities and of items which are more likely to be materially adjusted due to estimates and assumptions to be different than those originally assessed. Detailed information about each of these judgments, estimates and assumptions is mentioned below. These Judgments, estimates and assumptions are continually evaluated.

Note 2 B Significant judgements and estimates

1 Goodwill Impairment : Key assumptions used for value-in-use calculations

The group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

2 Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group’s past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

3 Fair valuation of financial instruments

When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model (DCF). The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4 Defined benefit plan

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.
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, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.
The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.
The mortality rate is based on publicly available mortality tables based on the country where the entity operates.
Those mortality tables tend to change only at interval in response to demographic changes.
Future salary increases and gratuity increases are based on expected future inflation rates of the respective counrty.
Further details about defined benefit plans are given in Note 32.

5 Deferred Tax

Deferred tax assets are reported only for loss carry forwards when it is probable that these amounts can be utilised against future taxable surpluses and against fiscal, temporary differences. At each balance sheet date, the group assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income or if changes in current tax regulations are enacted.

The group evaluates each year if there is an impairment requirement as regards deferred tax assets, if any regarding loss carry forwards. In addition, the group evaluates if it is appropriate to capitalise new deferred tax assets regarding the year's carry forward loss.

6 Non-recognition of deferred tax liability on undistributed profits of subsidiary

Certain subsidiaries of the group have undistributed earnings which, if paid out as dividends, could be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as the parent entity is able to control the timing of distributions from these subsidiaries and is not expected to distribute these profits in the foreseeable future.

7 Customer Claims

The group has made accruals in respect of unsettled prices for some of its raw materials purchase contracts and finished goods sales contracts. These accruals are made considering the past settlement formula / communications with the vendors and customers respectively. The management has assessed and believes that the timing of cash outflow pertaining to these accruals are uncertain and hence considered the same as payable / receivable on demand and classified under current liabilities / assets respectively.

Note 2 C New pronouncements not yet adopted by the group:

There are no standards or interpretations that are not yet effective and that would be expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

Note 2D : First time adoption

The financial statements for year ended March 31, 2017 were the group's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Annexure V Note 2 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet at April 1, 2015 (the date of transition). In preparing its opening Ind AS balance sheet, the group has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the group's financial positions and financial performance is set out in the following tables and notes.

A) Ind AS optional exemptions availed

Set out below are the applicable Ind AS 101 optional exemptions applied in the transition from previous GAAP to Ind AS.

i) Business combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.
Accordingly, the group elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

ii) Cumulative translation differences

Ind AS 101 permits cumulative translation gains and losses to be reset to zero at the transition date. This provides relief from determining cumulative

currency translation differences in accordance with Ind AS 21 from the date a subsidiary or equity method investee was formed or acquired.
Accordingly, the group elected to reset all cumulative translation gains and losses to zero by transferring it to opening retained earnings at its transition date.

iii) Deemed cost- Property, plant and equipment, intangible assets and investment property

Ind AS 101 permits a first-time adopter to elect to continue with the 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 and investment property covered by Ind AS 40 Investment Properties.
Accordingly, the group has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

iv) Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement.
Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.
Accordingly, the group has elected to apply this exemption for such contracts/arrangements.

v) Long Term Foreign Currency Monetary Items

A first-time adopter may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP.
The group has decided to discontinue with policy of accounting for exchange differences arising from translation of long-term foreign currency monetary items in the "Foreign Currency Monetary Item Translation Reserve." The balance in the said reserve, on the date of transition, will be transferred to the retained earnings balance.

The remaining exemptions either do not apply or are not relevant to the group.

Note 2D : First time adoption

B) Ind AS mandatory exceptions

Set out below are the applicable Ind AS 101 mandatory exceptions applied in the transition from previous GAAP to Ind AS.

i) Hedge accounting

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in Ind AS 109, at that date. Hedging relationships cannot be designated retrospectively, and the supporting documentation cannot be created retrospectively. As a result, only hedging relationships that satisfied the hedge accounting criteria as of 1 April 2015 are reflected as hedges in the group results under Ind AS.

The group had designated various hedging relationships as cash flow hedges and fair value hedges under the previous GAAP. On date of transition to Ind AS, the entity had assessed that all the designated hedging relationship qualifies for hedge accounting as per Ind AS 109. Consequently, the group continues to apply hedge accounting on and after the date of transition to Ind AS.

ii) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The group made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

Investment in equity instruments carried at FVPL or FVOCI;

Investment in debt instruments carried at FVPL; and

Impairment of financial assets based on expected credit loss model.

iii) De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

Accordingly, the group has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

iv) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

The remaining mandatory exceptions either do not apply or are not relevant to the group.

Note 2E First- time Ind AS adoption reconciliations

2E.1 Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represents the reconciliation from previous GAAP to Ind AS.

(₹ in Million)

Particulars	**As at March 31, 2016**				**As at April 1, 2015 (Date of transition)**			
	Previous GAAP*	**Impact of equity accounting of interest in Joint Venture**	**Adjustments**	**IND AS**	**Previous GAAP***	**Impact of equity accounting of interest in Joint Venture**	**Adjustments**	**IND AS**
Assets								
Non Current Assets								
Property, plant and equipment	22,176.00	(2,032.40)	(395.06)	19,748.54	18,740.50	(1,557.50)	(104.89)	17,078.11
Capital work-in-progress	2,708.40	(32.80)	(39.63)	2,635.97	1,748.80	(313.82)	-	1,434.98
Investment properties	-	-	152.13	152.13	-	-	157.94	157.94
Goodwill	261.80	(110.98)		150.82	247.50	(96.68)		150.82
Other intangible assets	728.90	(16.30)	497.03	1,209.63	1,120.40	(7.32)	(45.02)	1,068.06
Intangible assets under development	517.05	-	-	517.05	344.60	-	(57.62)	286.99
Investments accounted for using the equity method	-	-	2,643.13	2,643.13	-	-	1,928.14	1,928.14
Financial assets				-				
Investments	10.30	(0.10)	(10.00)	0.20	10.20	-	(10.00)	0.20
Loans	63.76	-	-	63.76	57.65	-	-	57.65
Other financial assets	772.54	(32.82)	87.98	827.70	951.75	(3.40)	220.89	1,169.24
Income tax asset (Net)	61.90	-	(1.33)	60.57	162.07	-	-	162.07
Deferred tax assets	205.62	(53.80)	(19.38)	132.44	42.10	(42.10)	-	-
Other non-current assets	919.57	(255.93)	(34.73)	628.91	421.10	(0.40)	-	420.70
Total non-current assets	28,425.84	(2,535.13)	2,880.14	28,770.85	23,846.67	(2,021.22)	2,089.44	23,914.89
Current assets								
Inventories	11,256.90	(639.30)	(3,788.73)	6,828.87	9,445.02	(867.09)	(3,030.02)	5,547.91
Financial assets								
Investments	117.30	-	2.10	119.40	218.00	-	5.21	223.21
Trade receivables	11,456.90	(2,300.70)	2,695.83	11,852.03	9,317.80	(1,921.09)	1,295.21	8,691.92
Cash and cash equivalents	2,180.70	(533.69)	(10.88)	1,636.13	994.70	(433.37)	-	561.33
Other bank balances	136.27	-	(1.60)	134.67	222.81	(85.99)	(7.80)	129.02
Loans	39.79	-	-	39.79	36.59	-	-	36.59
Other financial assets	1,330.93	(259.20)	304.00	1,375.73	805.95	(386.45)	38.10	457.60
Other current assets	2,051.12	(3.10)	(447.87)	1,600.15	2,125.37	-	58.30	2,183.67
Total current assets	28,569.91	(3,735.99)	(1,247.15)	23,586.77	23,166.24	(3,693.99)	(1,641.00)	17,831.25
Total Assets	56,995.75	(6,271.12)	1,632.99	52,357.62	47,012.91	(5,715.21)	448.44	41,746.14
EQUITY AND LIABILITIES								
Equity								
Equity and preference share capital	396.10	-	(133.73)	262.37	396.14	-	(300.00)	96.14
Other equity								
Reserves and surplus	19,006.01	(2,543.17)	(954.54)	15,508.30	15,702.73	(1,928.07)	(4,463.96)	9,310.70
Other reserves	(22.71)	-	1,779.88	1,757.17	-	-	885.66	885.66
Total equity	19,379.40	(2,543.17)	691.61	17,527.84	16,098.87	(1,928.07)	(3,878.30)	10,292.50
Non-controlling interests	379.31	(57.20)	(119.30)	202.81	369.20	(57.72)	(108.12)	203.36
Total equity	19,758.71	(2,600.37)	572.31	17,730.65	16,468.07	(1,985.79)	(3,986.42)	10,495.86
LIABILITIES								
Non-current liabilities								
Financial Liabilities								
Borrowings								
(i) Borrowings other than covered under (ii) below	6,164.90	(586.60)	(4.81)	5,573.49	4,598.70	(259.40)	(2.50)	4,336.80
(ii) Liability portion of CCPS	-	-	2,060.40	2,060.40	-	-	5,894.77	5,894.77
Other financial liabilities	75.80	-	(1.10)	74.70	104.00	-	(2.49)	101.51
Provisions	874.40	(113.02)	3.97	765.35	819.31	(73.99)	2.61	747.93
Deferred tax liabilities (Net)	369.04	(13.30)	117.00	472.74	411.70	(9.40)	64.91	467.21
Other non-current liabilities	10.48	-	68.98	79.46	159.70	(147.90)	108.60	120.40
Total non-current liabilities	7,494.62	(712.92)	2,244.44	9,026.14	6,093.41	(490.69)	6,065.90	11,668.62
Current liabilities								
Financial liabilities								
Borrowings	6,200.12	(619.00)	837.61	6,418.73	2,915.08	(1,043.82)	(28.60)	1,842.66
Trade payables								
Total outstanding dues of micro enterprises and small enterprises	17.70	-	-	17.70	2.58	-	-	2.58
Total outstanding dues other than micro enterprises and small enterprises	14,158.82	(1,541.01)	(468.91)	12,148.90	11,214.42	(1,505.29)	-	9,709.13
Acceptance	969.78	(445.69)	-	524.09	752.30	(288.10)	-	464.20
Other financial liabilities	5,309.41	(314.64)	1.61	4,996.38	5,218.97	(275.51)	153.88	5,097.35
Provisions	316.06	(37.49)	(20.30)	258.27	187.80	(21.40)	(26.80)	139.60
Current tax liabilities (Net)	138.21	-	0.01	138.22	30.79	(14.52)	-	16.27
Other current liabilities	2,632.32	-	(1,533.78)	1,098.54	4,129.49	(90.09)	(1,729.52)	2,309.88
Total current liabilities	29,742.42	(2,957.83)	(1,183.76)	25,600.83	24,451.43	(3,238.73)	(1,631.04)	19,581.66
Total equity and liabilities	56,995.75	(6,271.12)	1,632.99	52,357.62	47,012.91	(5,715.21)	448.44	41,746.14

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Note 2E.2 :Effect of Ind AS adoption on the Consolidated Statement of Profit and Loss for the year ended March 31, 2016

(₹ in Million)

Particulars	Previous GAAP*	Impact of equity accounting of interest in Joint Venture	Adjustments	IND AS
Revenue				
Revenue from operations	83,436.98	(6,419.92)	5,171.94	82,189.00
Other income	259.00	(34.10)	4.42	229.32
Total income	83,695.98	(6,454.02)	5,176.36	82,418.32
Expenses				
Cost of materials consumed	52,459.12	(3,940.79)	1,387.99	49,906.32
Purchases of stock-in-trade	1,100.80	-	(2.71)	1,098.09
Changes in inventories of work-in-progress, stock-in-trade and finished goods	(536.14)	(0.35)	24.56	(511.93)
Excise duty	-	(65.90)	3,162.69	3,096.79
Employee benefits expense	11,020.88	(670.31)	48.70	10,399.27
Depreciation and amortisation expense	3,049.00	(200.30)	73.75	2,922.45
Other expenses	13,193.43	(907.86)	225.06	12,510.63
Finance costs				
(i) Finance costs other than covered under (ii) below	859.68	(85.81)	67.09	840.96
(ii) Imputed interest and changes in cash flow estimates on liability portion of CCPS	-	-	(1,267.47)	(1,267.47)
Total expenses	81,146.77	(5,871.32)	3,719.66	78,995.11
Profit before exceptional items, share of net profits of investments accounted for using equity method and tax	2,549.21	(582.70)	1,456.70	3,423.21
Share of net profits of investments accounted for using the equity method		497.40	0.86	498.26
Profit before exceptional items and tax	2,549.21	(85.30)	1,457.56	3,921.47
Exceptional item	393.84	-	-	393.84
Profit before tax	**2,943.05**	**(85.30)**	**1,457.56**	**4,315.31**
Income tax expense				
Current tax	720.77	(87.92)	4.50	637.35
Deferred tax	(249.35)	2.62	104.51	(142.22)
Total tax expense	**471.42**	**(85.30)**	**109.01**	**495.13**
Profit for the year	2,471.63	-	1,348.55	3,820.18
Other comprehensive income				
Items that may be reclassified to profit or loss				
Deferred losses on cash flow hedges	-	-	(22.70)	(22.70)
Exchange differences in translating the financial statements of foreign operations	-	-	880.81	880.81
Income tax relating to these items	-	-	13.40	13.40
	-	**-**	**871.51**	**871.51**
Items that will not be reclassified to profit or loss				
Remeasurement of defined benefit obligation	-	-	27.25	27.25
Income tax relating to these items	-	-	(3.52)	(3.52)
	-	**-**	**23.73**	**23.73**
Other comprehensive income for the year (net of tax)	-	-	895.24	895.24
Total comprehensive income for the year	**2,471.63**	**-**	**2,243.79**	**4,715.42**
Profit attributable to:				
Owners	2,454.93	-	1,360.65	3,815.58
Non-controlling interests	16.70	-	(12.10)	4.60
Other comprehensive income attributable to:				
Owners	-	-	895.74	895.74
Non-controlling interests	-	-	(0.50)	(0.50)
Total comprehensive income attributable to:				
Owners	2,454.93	-	2,256.39	4,711.32
Non-controlling interests	16.70	-	(12.60)	4.10

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Reconciliation from Ind AS to Total Comprehensive Income

Particulars	As at March 31, 2016
Total Comprehensive income as per Ind AS (refer above)	4,715.42
SEBI Restatement Adjustments	(121.95)
Total Comprehensive Income as per restated Financial Statements (Refer Annexure II)	4,593.47

Note 2E.3 : Reconciliation of Total Equity as at March 31, 2016 and April 1, 2015

(₹ in Million)

Particulars	As at March 31, 2016	As at April 1, 2015 (Date of transition)
Total equity (Shareholders' funds) as per previous GAAP	19,379.40	16,098.87
Adjustments:		
Liability portion of CCPS	(2,060.40)	(5,894.78)
Fair valuation of Current and non current investments	(7.90)	(4.82)
Exchange loss capitalised under Para 46 A of AS 11 now reversed	(88.98)	193.82
Unamortised portion of deferred government grant	(86.70)	(129.90)
Adjustment on account of contract revenue	468.01	96.71
Employee benefit expenses	10.68	13.48
Impact of functional currency in foreign operations	313.88	-
Reversal of revaluation reserve	(306.54)	-
Others	8.11	(17.74)
Tax effect of Adjustments	(101.72)	(63.14)
	(1,851.56)	**(5,806.37)**
Total equity as per Ind AS Financial	**17,527.84**	**10,292.50**

Note 2E.4 :Reconciliation of Total Comprehensive Income as at March 31, 2016

(₹ in Million)

Particulars	For the year ended March 31, 2016
Profit after tax as per previous GAAP	2,471.63
Adjustments:	
Imputed interest and changes in cash flow estimates on liability portion of CCPS	1,267.47
Depreciation impact on captalisation of EPCG grant and engineering Capitalisation	(73.80)
Exchange loss on para 46 reversal and changes in functional currency	(224.90)
Contract revenue (net)	450.30
Others	(70.52)
Profit after tax as per Ind AS	**3,820.18**
Other comprehensive income	
Cash flow hedge reserve (net of tax)	(9.30)
Exchange differences in translating the financial statements of foreign operations	880.81
Remeasurement of defined benefit obligation (net of tax)	23.73
Total Other comprehensive income as per Ind AS	**4,715.42**

Note 2E.5: Impact of Ind AS adoption on the statements of the cash flow (₹ in Million)

Particulars	Previous GAAP	Adjustments	IND AS
Net cash flow from operating activities	4,231.60	(1,326.69)	2,904.91
Net cash flow from investing activities	(6,164.80)	379.59	(5,785.21)
Net cash flow from financing activities	2,900.90	959.87	3,860.77
Net increase/(decrease) in cash and cash equivalents	967.70	12.77	980.47
Cash and cash equivalents as at April 1, 2015	1,034.34	(896.20)	138.14
Cash and cash equivalents as at March 31, 2016	2,002.00	(883.39)	1,118.61

Reconciliation from Ind AS to Restated Equity (₹ in Million)

Particulars	As at March 31, 2016
Total equity (Shareholders' funds) as per Ind AS Financial Statements	17,527.84
SEBI Restatement Adjustments	100.93
Shareholders' funds as per Restated Financial Statements	**17,628.77**

Notes to first-time adoption:

Note 1: Investment property

Under the previous GAAP, investment properties were presented as part of Property, plant and equipment. Under Ind AS, investment properties are required to be separately presented on the face of the balance sheet. There is no impact on the total equity or profit as a result of this adjustment.

Note 2: Security deposits

Certain interest-free security deposits have been discounted using market rates of interest as required under Ind AS and recorded at amortized cost as on the transition date.

Note 3: Fair Valuation of Investment - Current and Non -Current

Under the previous GAAP, investments in equity instrument were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value.

Under Ind AS, investments are required to be measured at fair value.The resulting fair value changes of these investments (other than equity instruments designated as at FVOCI) have been recognised in retained earnings as at the date of transition and subsequently in the profit and loss for the year ended March 31, 2016.

Note 4: Financial liability

As per Ind AS 109, an entity shall remove a financial asset (or a part of a financial asset) from its balance sheet when, and only when, it has transferred all risk and rewards of ownership of financial asset. As per Ind AS 101, derecognition requirements in Ind AS 109 should apply prospectively to the transactions occurring on or after the date of transition. Accordingly, Management has recognized trade receivable relating to bill discounting arrangement with customer and recognized corresponding financial liability as on March 31, 2016 ₹ 699.84 Million. This has also resulted in change in cash flows from operating activities and financing activities.

Note 5: Foreign currency translation reserve

Ind AS 101 permits cumulative translation gains and losses to be reset to zero at the transition date, accordingly balance appearing in the foreign currency translation reserve has been transferred to retained earnings. There is no impact on equity as a result of this adjustment.

Note 6: Forward Contracts not designated as hedging instruments

Under Indian GAAP, the forward exchange contracts were accounted based on Accounting Standard 11 " The effects of changes in foreign exchange rates". Under Ind-AS, fair value of forward foreign exchange contracts has been recognised and the corresponding adjustments have been made in the Statement of Profit & Loss. There is no impact on total equity as on March 31, 2016 as the retained earnings in Opening balance sheet has increased and profit for the year ended March 31, 2016 has reduced by equivalent amount.

Note 7: Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised over the period of the borrowings using straight line basis. Under Ind AS, transaction costs are included in the initially recognised amount of financial liability and charged to profit or loss using effective interest rate.

Note 8: Capital subsidy

Under the previous GAAP, capital subsidies received from government were treated as capital receipt and directly accounted under reserves as promotor's contribution. Under Ind AS, capital subsidy received is required to be recognised as deferred government grant and amortised over the period of useful life of the asset.

Note 9: Export Promotion Capital Goods ("EPCG") benefits

Ind AS 20 requires presentation of such benefits in balance sheet by setting up the grant as deferred income and adding it to the cost of Property, plant and equipments. Deferred income will be recognised as income as and when the obligation under the scheme is fulfilled. Addition to property, plant and equipments is depreciated over the useful life of the asset.

Note 10: Bank Overdraft

Under previous GAAP, bank overdrafts were considered as part of borrowings and movements in bank overdrafts were shown as part of financing activities. Under Ind AS, bank overdrafts repayable on demand and which form an integral part of the cash management process are included in cash and cash equivalents for the purpose of presentation of statement of cash flows.

Note 11: Long Term Foreign Currency Monetary Items

A first-time adopter may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP.

The Company has decided to discontinue with policy of accounting for exchange differences arising from translation of long-term foreign currency monetary items in the "Foreign Currency Monetary Item Translation Reserve." The balance in the said reserve, on the date of transition, is transferred to the retained earnings balance hence there is no impact on total equity. Also, exchange difference arises during the year ended March 31, 2016 which was capitalised under PPE has been reversed and debited to profit and loss.

Note 12: Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as "other comprehensive income" includes remeasurements of defined benefit plans and effective portion of gains and losses on cash flow hedging instruments. The concept of other comprehensive income did not exist under previous GAAP.

Note 13: Deferred tax

Under previous GAAP, MAT credit entitlement under the Income tax act, 1961 was disclosed as non current asset. Under Ind AS all tax credits are required to be disclosed as a deferred tax asset. The adjustments to deferred tax asset includes the tax impact of the transition adjustments and classification of MAT Credit entitlement as deferred tax asset.

Note 14: Retained Earnings

Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

Note 15: Conversion of Series A CCPS:

Under Ind AS, Series A CCPS have been classified as compound financial instrument. At inception date, the value of the liability component is derived by discounting the future streams of cashflow and the equity being assigned the residual value. As at April 01, 2015, March 31, 2016 and March 31, 2017 Series A CCPS have been measured and accounted based on the terms of the agreement, provisions of IND AS 109 and section 68 (2) (c) of the Companies Act, 2013.

Accordingly, there is decrease in equity by ₹ 5,894.78 million, increase in liability by ₹ 5,894.78 million on the transition date and increase in equity by ₹ 3,834.3 million, decrease in liability by ₹ 3,834.38 million as at March 31, 2016. The profit before tax for the year ended March 31, 2016 has increased by ₹ 1,267.47 million.

Note 16: Revenue

Excise Duty:

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, Revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expense for the year ended March 31, 2016 There is no impact on the total equity and profit for the year ended March 31, 2016.

Discount given to customer:

As per Ind AS, the amount of revenue arising on a transaction is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity. Accordingly, the Company has netted off discounts allowed to customers with revenue.

Note 16(1) : Joint Venture

The Group previously accounted for its joint ventures using the proportionate consolidation method. Following an analysis of the underlying contracts, the Group classified all of its joint arrangements as joint ventures and not joint operations. Accordingly the Group’s investments in its joint ventures are now accounted for using the equity method.

Note 16 (2) : Mexico functional currency

Varroc Lighting Systems S.de.R.L. De. C.V (VLS Mexico),a step down subsidiary of the Company assessed USD as the functional currency based on assessment done in accordance with the requirements of IND AS 21.VLS Mexico had been preparing and reporting its financial statements in Mexican Pesos under local GAAP and was consolidated as non integral operation under previous GAAP.

Note 17 :Contract Revenue

Under previous GAAP, revenue from sale of tools was recognised in the year in which the construction was completed and tool was dispatched to the Customer after the necessary acceptance by the Customer.

Under Ind AS revenue from sale of tools is recognised based on percentage of completion method determined by the management. The stage of completion for each contract is determined by the proportion that aggregate contract costs incurred for work done till the balance sheet date bear to the estimated total contract cost.

Note 18: Cost of Material Consumed

Discount received from Vendor:

Under previous GAAP, discounts received from vendors are considered in other income whereas, under Ind AS such amount is adjusted with the cost of material consumed and Purchases of stock-in-trade. There is no impact on the total equity and profit for the year ended March 31, 2016.

Note 19: Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e., actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expenses on the net defined liability are recognised in other comprehensive income. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 decreased with resulted increase in OCI. There is no impact on total equity.

Note 2F: Proforma Financial Statements

The Proforma Consolidated Financial Information of the Group as at and for the year ended March 31, 2015, is prepared in accordance with requirements of SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/4 dated March 31, 2016 ("SEBI Circular"). As envisaged by the SEBI Circular, the Group has followed the same accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) as initially adopted on its Ind AS transition date (i.e. April 1, 2015) while preparing the consolidated proforma financial information for the FY 2014-15 and accordingly suitable restatement adjustments in the accounting heads have been made in the consolidated proforma financial information. This consolidated proforma Ind AS financial information has been prepared by making Ind AS adjustments to the audited Indian GAAP consolidated financial statements as at and for the year ended March 31, 2015 as described in this Note. The impact of Ind AS 101 on the equity under Indian GAAP as at April 1, 2014 and March 31, 2015 and the impact on the profit or loss for the year ended March 31, 2015 due to the Ind- AS principles applied on proforma basis can be explained as under:

(₹ in Million)

Particulars		As at March 31, 2015 (Proforma)	As at April 01, 2014 (Proforma)
Total equity (Shareholders' funds) as per previous GAAP		16,098.87	11,321.10
Adjustments:			
Liability portion of CCPS		(5,894.78)	(2,114.34)
Fair valuation of Current and Non Current investments		(4.82)	5.55
Exchange loss capitalised under Para 46 A of AS 11 now reversed		30.56	-
Unamortised portion of deferred government grant		(129.90)	(171.60)
Adjustment on account of contract revenue		343.05	-
Pension and post retirement expenses (refer note 20)		-	(166.59)
Impact of change in functional currency		276.20	-
Movement in FCTR		(102.65)	-
Others		18.11	(11.01)
Tax effect of Adjustments		(32.64)	#
		(5,496.87)	**(2,457.99)**
Total equity (Shareholders' funds) as per Proforma Ind AS Financial Statements		**10,602.00**	**8,863.11**
Exchange loss capitalised under Para 46 A of AS 11 now reversed	Note 1	(30.56)	
Impact of change in functional currency	Note 2	(276.20)	
Others		(2.74)	
Total equity (Shareholders' funds) - As at April 01, 2015 - Date of Transition*		**10,292.50**	

*Refer note no 2E.3

below rounding off norms adopted by the Group

Note 1: Exchange loss capitalised under Para 46 A of AS 11 now reversed

The Group has not opted for the exemption given under paragraph D13AA of Ind AS 101, First-time Adoption of Indian Accounting Standards. Accordingly, exchange gain/loss on such foreign currency loan that had been added to or deducted from the cost of PPE has now been reversed.

Note 2: Impact of change in functional currency

Varroc Lighting Systems S.de.R.L. De. C.V (VLS Mexico),a step down subsidiary of the Company assessed USD as the functional currency based on assessment done in accordance with the requirements of IND AS 21.VLS Mexico has been preparing and reporting its financial statements in Mexican Pesos under local GAAP and was consolidated as non integral operation under previous GAAP.

Reconciliation from Ind AS to Restated Equity (₹ in Million)

Particulars	As at March 31, 2015 (Profroma)	As at April 01, 2014 (Proforma)
Shareholders' funds as per Proforma Ind AS Financial Statements	10,602.00	8,863.11
SEBI Restatement Adjustments	222.89	266.89
Shareholders' funds as per Restated Financial Statements	10,824.89	9,130.00

Effect of proforma Ind AS adjustments on the Statement of Assets and Liabilities as at March 31, 2015

(₹ in Million)

Particulars	As at March 31, 2015 (Proforma)			
	Previous GAAP*	Impact of equity accounting of interest in Joint Venture	Proforma Ind AS adjustments	IND AS
Assets				
Non Current Assets				
Property, plant and equipment	18,740.50	(1,557.50)	25.36	17,208.36
Capital work-in-progress	1,748.80	(313.82)	53.00	1,487.98
Investment properties	-	-	157.92	157.92
Goodwill	247.50	(96.68)		150.82
Other intangible assets	1,120.40	(7.32)	(45.02)	1,068.06
Intangible assets under development	344.60	-	(57.61)	286.99
Investments accounted for using the equity method	-	-	1,959.16	1,959.16
Financial assets				
Investments	10.20	-	(10.00)	0.20
Loans	58.52	-	-	58.52
Other financial assets	950.88	(3.40)	221.70	1,169.18
Income tax assets (Net)	162.07	-	1.75	163.82
Deferred tax assets	42.10	(42.10)	-	-
Other non-current assets	421.10	(0.40)	(0.09)	420.61
Total non-current assets	23,846.67	(2,021.22)	2,306.17	24,131.62
Current assets				
Inventories	9,445.02	(867.09)	(2,716.90)	5,861.03
Financial assets				
Investments	218.00	-	5.16	223.16
Trade receivables	9,317.80	(1,921.09)	3,317.78	10,714.49
Cash and cash equivalents	994.70	(433.37)	(0.02)	561.31
Other bank balances	222.81	(85.99)	(7.80)	129.02
Loans	36.59	-	-	36.59
Other financial assets	805.95	(386.45)	38.10	457.60
Other current assets	2,125.37	-	60.63	2,186.00
Total current assets	23,166.24	(3,693.99)	696.95	20,169.20
Total Assets	47,012.91	(5,715.21)	3,003.12	44,300.82
EQUITY AND LIABILITIES				
Equity				
Equity and preference share capital	396.14	-	(300.00)	96.14
Other equity				
Reserves and surplus	15,702.73	(1,928.07)	(3,256.34)	10,518.32
Other reserves	-	-	(12.46)	(12.46)
Total equity	16,098.87	(1,928.07)	(3,568.80)	10,602.00
Non-controlling interests	369.20	(57.72)	(97.02)	214.46
Total equity	16,468.07	(1,985.79)	(3,665.82)	10,816.46
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
Borrowings				
(i) Borrowings other than covered under (ii) below	4,598.70	(259.40)	(2.59)	4,336.71
(ii) Liability portion of CCPS	-	-	5,894.77	5,894.77
Other financial liabilities	104.00	-	(2.49)	101.51
Provisions	819.31	(73.99)	9.30	754.62
Deferred tax liabilities (Net)	411.70	(9.40)	64.91	467.21
Other non-current liabilities	159.70	(147.90)	108.60	120.40
Total non-current liabilities	6,093.41	(490.69)	6,072.50	11,675.22
Current liabilities				
Financial liabilities				
Borrowings	2,915.08	(1,043.82)	1,959.20	3,830.46
Trade payables		-		
Total outstanding dues of micro enterprises and small enterprises	2.58	-	-	2.58
Total outstanding dues other than micro enterprises and small enterprises	11,214.42	(1,505.29)	117.26	9,826.39
Acceptance	752.30	(288.10)	-	464.20
Other financial liabilities	5,218.97	(275.51)	204.65	5,148.11
Provisions	187.80	(21.40)	(26.62)	139.78
Income tax liabilities (Net)	30.79	(14.52)	0.01	16.28
Other current liabilities	4,129.49	(90.09)	(1,658.06)	2,381.34
Total current liabilities	24,451.43	(3,238.73)	596.44	21,809.14
Total equity and liabilities	47,012.91	(5,715.21)	3,003.12	44,300.82

Reconciliation of total comprehensive income for the year ended March 31, 2015

(₹ in Million)

	Previous GAAP*	Impact of equity accounting of interest in Joint Venture	Proforma Ind AS adjustments	IND AS
Revenue				
Revenue from operations	71,532.59	(5,063.38)	3,038.49	69,507.70
Other income	513.79	(16.60)	379.75	876.94
Total income	72,046.38	(5,079.98)	3,418.24	70,384.64
Expenses				
Cost of goods sold	41,720.45	(2,919.59)	3,110.16	41,911.02
Purchases of stock-in-trade	-	-	487.01	487.01
Changes in inventories of work-in-progress, stock-in-trade and finished goods	-	(1.55)	(465.88)	(467.43)
Excise duty	1,827.40	(19.62)	-	1,807.78
Employee benefits expense	9,930.83	(805.01)	(103.34)	9,022.48
Depreciation and amortisation expense	2,624.13	(149.95)	65.55	2,539.73
Other expenses	11,737.98	(692.11)	(467.82)	10,578.05
Finance costs				
(i) Finance costs other than covered under (ii) below	1,030.32	(71.40)	15.42	974.35
(ii) Imputed interest and changes in cash flow estimates on liability portion of CCPS	-	-	3,780.43	3,780.43
Total expenses	68,871.11	(4,659.23)	6,421.54	70,633.42
Profit before exceptional items, share of net profits of investments accounted for using equity method and tax	3,175.27	(420.75)	(3,003.30)	(248.78)
Share of net profits of investments accounted for using the equity method	-	364.88	(0.10)	364.78
Profit before exceptional items and tax	3,175.27	(55.87)	(3,003.40)	116.00
Exceptional item	350.96	-	166.55	517.51
Profit before tax	**3,526.23**	**(55.87)**	**(2,836.85)**	**633.51**
Income tax expense				
Current tax	412.13	(56.32)	(35.58)	320.23
Deferred tax	37.62	0.45	68.14	106.22
Total tax expense	**449.75**	**(55.87)**	**32.56**	**426.45**
Profit for the year	3,076.48	-	(2,869.42)	207.06
Other comprehensive income				
Items that may be reclassified to profit or loss				
Exchange differences in translating the financial statements of foreign operations	-	-	(898.12)	(898.12)
	-	-	**(898.12)**	**(898.12)**
Items that will not be reclassified to profit or loss				
Remeasurement of defined benefit obligation	-	-	(64.01)	(64.01)
Income tax relating to these items	-	-	3.55	3.55
	-	-	**(60.46)**	**(60.46)**
Other comprehensive income for the year (net of tax)	-	-	(958.58)	(958.58)
Total comprehensive income for the year	**3,076.48**	-	**(3,828.00)**	**(751.52)**
Profit attributable to:				
Owners	3,038.38	-	(2,869.84)	168.54
Non-controlling interests	38.10	-	0.42	38.52
Other comprehensive income attributable to:				
Owners	-	-	(958.21)	(958.21)
Non-controlling interests	-	-	(0.37)	(0.37)
Total comprehensive income attributable to:				
Owners	3,038.38	-	(3,828.05)	(789.67)
Non-controlling interests	38.10	-	0.05	38.15

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Note 2H : Reconciliation of Total Comprehensive Income as at March 31, 2015

(₹ in Million)

Particulars	For the year ended March 31, 2015 (Proforma)
Profit after tax as per previous GAAP	3,076.48
Adjustments:	
Imputed interest and changes in cash flow estimates on liability portion of CCPS	(3,780.40)
Amortised portion of deferred government grant	53.30
Reversal of Exchange gain / (loss)on Para 46A and impact of change in functional currency	400.61
Contract revenue (net)	343.05
Actuarial loss transferred to other comprehensive income	63.98
Reversal of revaluation reserve (Refer Note 21 below)	(62.00)
Pension and post retirement expenses (Refer Note 20 below)	166.59
Others	(21.91)
Tax effect of adjustments	(32.64)
Profit after tax as per Ind AS - Proforma	**207.06**
Other comprehensive income	
Remeasurement of defined benefit obligation (net of tax)	(60.46)
Exchange differences in translating the financial statements of foreign operations	(898.12)
Total Other comprehensive income as per Ind AS - Proforma	**(751.52)**

Reconciliation from Ind AS to Total Comprehensive Income

(₹ in Million)

Particulars	As at March 31, 2015 (Proforma)
Total Comprehensive income as per Ind AS (refer above)	(751.52)
SEBI Restatement Adjustments	(38.97)
Total Comprehensive Income as per Restated Financial Statements (Refer Annexure II)	(790.49)

Note 1: Investment property
Under the previous GAAP, investment properties were presented as part of Property, plant and equipment. Under Ind AS, investment properties are required to be separately presented on the face of the balance sheet. There is no impact on the total equity or profit as a result of this adjustment.

Note 2: Security deposits
Certain interest-free security deposits have been discounted using market rates of interest as required under Ind AS and recorded at amortized cost as on the transition date.

Note 3: Fair Valuation of Investment - Current and Non -Current
Under the previous GAAP, investments in equity instrument were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value.
Under Ind AS, investments are required to be measured at fair value. The resulting fair value changes of these investments (other than equity instruments designated as at FVOCI) have been recognised in retained earnings as at the date of transition and subsequently in the profit and loss for the year ended March 31, 2015.

Note 4: Financial liability
As per Ind AS 109, an entity shall remove a financial asset (or a part of a financial asset) from its balance sheet when, and only when, it has transferred all risk and rewards of ownership of financial asset. As per Ind AS 101, derecognition requirements in Ind AS 109 should apply prospectively to the transactions occurring on or after the date of transition. Accordingly, Management has recognized trade receivable relating to bill discounting arrangement with customer and recognized corresponding financial liability as on March 31, 2016 ₹ 699.84 Million. This has also resulted in change in cash flows from operating activities and financing activities.

Note 5: Foreign currency translation reserve
Ind AS 101 permits cumulative translation gains and losses to be reset to zero at the transition date, accordingly balance appearing in the foreign currency translation reserve has been transferred to retained earnings. There is no impact on equity as a result of this adjustment.

Note 6: Forward Contracts not designated as hedging instruments
Under Indian GAAP, the forward exchange contracts were accounted based on Accounting Standard 11 " The effects of changes in foreign exchange rates". Under Ind-AS, fair value of forward foreign exchange contracts has been recognised and the corresponding adjustments have been made in the Statement of Profit & Loss. There is no impact on total equity as on March 31, 2015 as the retained earning in Opening balance sheet has increased and profit for the year ended March 31, 2015 has reduced by equivalent amount.

Note 7: Borrowings
Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised over the period of the borrowings using straight line basis. Under Ind AS, transaction costs are included in the initially recognised amount of financial liability and charged to profit or loss using effective interest rate.

Note 8: Capital subsidy
Under the previous GAAP, capital subsidies received from government were treated as capital receipt and directly accounted under reserves as promotor's contribution. Under Ind AS, capital subsidy received is required to be recognised as deferred government grant and amortised over the period of useful life of the asset.

Note 9: Export Promotion Capital Goods ("EPCG") benefits
Ind AS 20 requires presentation of such benefits in balance sheet by setting up the grant as deferred income and adding it to the cost of Property, plant and equipments. Deferred income will be recognised as income as and when the obligation under the scheme is fulfilled. Addition to property, plant and equipments is depreciated over the useful life of the asset.

Note 10: Bank Overdraft
Under previous GAAP, bank overdrafts were considered as part of borrowings and movements in bank overdrafts were shown as part of financing activities. Under Ind AS, bank overdrafts repayable on demand and which form an integral part of the cash management process are included in cash and cash equivalents for the purpose of presentation of statement of cash flows.

Note 11: Long Term Foreign Currency Monetary Items
A first-time adopter may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP.
The Company has decided to discontinue with policy of accounting for exchange differences arising from translation of long-term foreign currency monetary items in the "Foreign Currency Monetary Item Translation Reserve." The balance in the said reserve, on the date of transition, is transferred to the retained earnings balance hence there is no impact on total equity. Also, exchange difference arises during the year ended March 31, 2015 which was capitalised under PPE has been reversed and debited to profit and loss.

Note 12: Other comprehensive income
Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as "other comprehensive income" includes remeasurements of defined benefit plans and effective portion of gains and losses on cash flow hedging instruments. The concept of other comprehensive income did not exist under previous GAAP.

Note 13: Deferred tax
Under previous GAAP, MAT credit entitlement under the Income tax act, 1961 was disclosed as non current asset. Under Ind AS all tax credits are required to be disclosed as a deferred tax asset. The adjustments to deferred tax asset includes the tax impact of the transition adjustments and classification of MAT Credit entitlement as deferred tax asset.

Note 14: Retained Earnings
Retained earnings as at April 1, 2014 has been adjusted consequent to the above Ind AS transition adjustments.

Note 15: Conversion of Series A CCPS:

Under Ind AS, Series A CCPS have been classified as compound financial instrument. At inception date, the value of the liability component is derived by discounting the future streams of cashflow and the equity being assigned the residual value. Series A CCPS have been measured and accounted based on the terms of the agreement, provisions of IND AS 109 and section 68 (2) (c) of the Companies Act, 2013.

Accordingly, the total equity as at March 31, 2015 decreased by ₹ 5,894.78 million (₹ 2,114.34 million as at April 1, 2014) and profit and other comprehensive income for the year ended March 31, 2015 decreased by ₹ 3,780.40 million.

Note 16: Revenue

Excise Duty:

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, Revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expense for the year ended March 31, 2015 There is no impact on the total equity and profit for the year ended March 31, 2015.

Discount given to customer:

As per Ind AS, the amount of revenue arising on a transaction is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity. Accordingly, the Company has netted off discounts allowed to customers with revenue.

Note 16(1) : Joint Venture

The Group previously accounted for its joint ventures using the proportionate consolidation method. Following an analysis of the underlying contracts, the Group classified all of its joint arrangements as joint ventures and not joint operations. Accordingly the Group's investments in its joint ventures are now accounted for using the equity method.

Note 16 (2) : Mexico functional currency

Varroc Lighting Systems S.de.R.L. De. C.V (VLS Mexico),a step down subsidiary of the Company assessed USD as the functional currency based on assessment done in accordance with the requirements of IND AS 21.VLS Mexico had been preparing and reporting its financial statements in Mexican Pesos under local GAAP and was consolidated as non integral operation under previous GAAP.

Note 17 :Contract Revenue

Under previous GAAP, revenue from sale of tools was recognised in the year in which the construction was completed and tool was dispatched to the Customer after the necessary acceptance by the Customer.

Under Ind AS revenue from sale of tools is recognised based on percentage of completion method determined by the management. The stage of completion for each contract is determined by the proportion that aggregate contract costs incurred for work done till the balance sheet date bear to the estimated total contract cost.

Note 18: Cost of Material Consumed

Discount received from Vendor:

Under previous GAAP, discounts received from vendors are considered in other income whereas, under Ind AS such amount is adjusted with the cost of material consumed and Purchases of stock-in-trade. There is no impact on the total equity and profit for the year ended March 31, 2015.

Note 19: Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e., actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expenses on the net defined liability are recognised in other comprehensive income. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2015 decreased with resulted increase in OCI. There is no impact on total equity.

Note 20: Pension and post retirement expenses

In case of a foreign subsidiary of the Company, the Management noticed certain inadvertent errors / omissions in the accounting for certain defined benefit plans. As this pertains to the earlier years, it has been adjusted to the opening reserves as on April 01, 2014 in the restated financial statements, as required by Ind AS 8.

Note 21: Reversal of revaluation reserve

As per the requirements of the previous GAAP, the Company adjusted the depreciation on revalued amount of PPE to revaluation reserve. However, under IND AS, the Company has opted for Deemed cost exemption and thus, the impact of depreciation, for the year, on revalued amount has been accounted as Depreciation charge in the Profit and Loss Statement.

3 Property, plant and equipment

(₹ in Million)

Particulars	Gross carrying amount						Accumulated depreciation						Net carrying amount
Asset Class	**Deemed cost as at April 1, 2014 (Proforma)**	**Business combination (Refer note 49)**	**Additions**	**Translation adjustment**	**Deductions / adjustments**	**As at March 31, 2015 (Proforma)**	**As at April 1, 2014 (Proforma)**	**Depreciation charge**	**Adjusted in retained earnings (Refer note V below)**	**Translation adjustment**	**Deductions / adjustments**	**As at March 31, 2015 (Proforma)**	**As at March 31, 2015 (Proforma)**
Owned assets													
Freehold Land	866.40	78.20	49.30	(67.70)	23.10	903.10	-	-	-	-	-	-	903.10
Factory Buildings	1,968.90	937.80	697.70	(110.50)	46.60	3,447.30	-	155.00	12.30	(4.90)	-	162.40	3,284.90
Office Buildings	698.00	30.20	23.20	(6.60)	-	744.80	-	36.80	2.80	(1.80)	-	37.80	707.00
Plant & Machinery	6,311.05	952.30	3,479.10	(580.00)	23.20	10,139.25	-	1,430.99	5.80	(80.40)	1.50	1,354.89	8,784.36
Factory Equipment	582.20	353.20	301.20	(52.50)	2.80	1,181.30	-	171.00	7.40	(8.30)	0.40	169.70	1,011.60
Electrical Installation	92.70	88.70	132.80	(0.50)	0.50	313.20	-	49.10	3.20	-	-	52.30	260.90
Mould & Dies	156.30	59.70	112.90	(3.40)	0.40	325.10	-	47.90	1.20	(1.20)	0.10	47.80	277.30
Electrical Fitting	47.50	15.00	1.40	-	0.10	63.80	-	12.90	0.20	-	0.10	13.00	50.80
Office Equipment	41.90	32.50	30.20	(4.70)	0.40	99.50	-	21.70	0.40	(0.90)	0.10	21.10	78.40
Tools & Instruments	183.90	31.90	259.00	(57.20)	0.60	417.00	-	121.50	1.90	(13.60)	0.10	109.70	307.30
Furniture and fixtures	126.60	35.60	17.10	(3.60)	1.40	174.30	-	18.80	0.70	(0.30)	0.20	19.00	155.30
Computers	73.00	38.40	50.70	(2.60)	6.10	153.40	-	45.70	4.20	(0.70)	6.10	43.10	110.30
Vehicles	43.00	22.50	9.00	(1.40)	10.60	62.50	-	21.10	-	(0.30)	6.10	14.70	47.80
Leased assets													
Leasehold Land	420.00	287.50	-	(7.20)	-	700.30	-	13.20	-	(0.50)	-	12.70	687.60
Buildings	731.40	-	-	(135.90)	-	595.50	-	66.20	-	(8.60)	-	57.60	537.90
Plant & Machinery	6.10	-	-	(1.10)	-	5.00	-	1.40	-	(0.20)	-	1.20	3.80
Grand Total	**12,348.95**	**2,963.50**	**5,163.60**	**(1,034.90)**	**115.80**	**19,325.35**	**-**	**2,213.29**	**40.10**	**(121.70)**	**14.70**	**2,116.99**	**17,208.36**

(i) Capital work-in-progress

Opening capital work-in-progress	3,062.17
Addition on account of acquisition (refer note 49)	399.30
Additions during the year	3,190.11
Capitalised during the year	5,163.60
Closing capital work-in -progress	**1,487.98**

Varroc Engineering Limited

Annexure V- Notes to Restated Consolidated financial statements

(₹ in Million)

Particulars	Gross carrying amount					Accumulated depreciation					Net carrying amount
Asset Class	**Deemed cost as at April 01, 2015**	**Additions**	**Translation adjustment**	**Deductions / adjustments**	**As at March 31, 2016**	**As at April 1, 2015**	**Depreciation charge**	**Translation adjustment**	**Deductions / adjustments**	**As at March 31, 2016**	**As at March 31, 2016**
Owned assets											
Freehold Land	881.90	3.20	50.80	-	935.90	-	-	-	-	-	935.90
Factory Buildings	3,275.50	403.00	64.40	0.10	3,742.80	-	169.80	0.90	-	170.70	3,572.10
Office Buildings	707.00	15.30	5.00	7.70	719.60	-	41.90	0.50	7.68	34.72	684.88
Plant & Machinery	8,686.60	2,786.65	368.70	154.45	11,687.50	-	1,556.70	16.40	115.86	1,457.24	10,230.26
Factory Equipment	1,011.60	278.60	24.90	8.50	1,306.60	-	205.50	1.60	2.70	204.40	1,102.20
Electrical Installation	260.90	41.50	0.30	-	302.70	-	49.10	-	-	49.10	253.60
Mould & Dies	277.30	142.90	1.70	0.70	421.20	-	72.00	0.20	0.70	71.50	349.70
Electrical Fitting	50.90	5.50	-	-	56.40	-	9.40	-	-	9.40	47.00
Office Equipment	78.60	30.30	2.40	-	111.30	-	27.70	0.20	-	27.90	83.40
Tools & Instruments	305.80	382.90	38.90	9.20	718.40	-	178.37	4.10	7.90	174.57	543.83
Furniture and fixtures	155.30	33.10	2.00	0.10	190.30	-	22.78	0.10	-	22.88	167.42
Computers	109.70	92.60	2.50	0.20	204.60	-	60.49	0.30	0.20	60.59	144.01
Vehicles	47.80	27.30	0.70	8.00	67.80	-	26.20	0.10	4.60	21.70	46.10
Leased assets											
Leasehold Land	687.60	89.50	3.81	-	780.91	-	19.40	-	-	19.40	761.51
Buildings	537.90	-	71.40	-	609.30	-	66.42	2.35	-	68.77	540.53
Plant & Machinery	3.80	285.10	9.30	-	298.20	-	11.70	0.40	-	12.10	286.10
Grand Total	**17,078.20**	**4,617.45**	**646.81**	**188.95**	**22,153.51**	**-**	**2,517.46**	**27.15**	**139.64**	**2,404.97**	**19,748.54**

(i) Capital work-in-progress	**(₹ in Million)**
Opening capital work-in-progress	1,434.98
Additions during the year	5,818.44
Capitalised during the year	4,617.45
Closing capital work-in -progress	**2,635.97**

3 Property, plant and equipment

(₹ in Million)

Particulars	Gross carrying amount					Accumulated depreciation					Net Carrying amount
Asset Class	As at April 1, 2016	Additions	Translation adjustment	Deductions / adjustments	As at March 31, 2017	As at April 1, 2016	Depreciation charge	Translation adjustment	Deductions / adjustments	As at March 31, 2017	As at March 31, 2017
Owned assets											
Freehold Land	935.90	-	(34.20)	-	901.70	-	-	-	-	-	901.70
Factory Buildings	3,742.80	952.20	(89.10)	1.30	4,604.60	170.70	194.70	(5.80)	0.30	359.30	4,245.30
Office Buildings	719.60	168.20	(3.70)	1.00	883.10	34.72	28.60	(2.30)	-	61.02	822.08
Plant & Machinery	11,687.50	3,949.80	(380.40)	16.10	15,240.80	1,457.24	1,743.20	(89.50)	6.80	3,104.14	12,136.66
Factory Equipment	1,306.60	497.10	(38.30)	5.40	1,760.00	204.40	239.10	(9.00)	2.80	431.70	1,328.30
Electrical Installation	302.70	104.30	(0.30)	0.30	406.40	49.10	52.60	(0.10)	0.30	101.30	305.10
Mould & Dies	421.20	91.70	(2.20)	33.10	477.60	71.50	77.10	(1.00)	2.39	145.21	332.39
Electrical Fitting	56.40	4.70	-	-	61.10	9.40	8.00	-	-	17.40	43.70
Office Equipment	111.30	26.60	(2.60)	-	135.30	27.90	30.60	(0.90)	-	57.60	77.70
Tools & Instruments	718.40	175.30	(47.70)	0.70	845.30	174.57	215.70	(21.50)	0.50	368.27	477.03
Furniture and fixtures	190.30	34.40	(1.80)	0.20	222.70	22.88	24.70	(0.40)	0.10	47.08	175.62
Computers	204.60	150.50	(9.70)	0.10	345.30	60.59	75.80	(2.60)	0.10	133.69	211.61
Vehicles	67.80	6.52	(0.60)	10.50	63.22	21.70	17.40	(0.60)	6.40	32.10	31.12
Leased assets											
Leasehold Land	780.91	6.40	(2.50)	-	784.81	19.40	19.70	-	-	39.10	745.71
Buildings	609.30	-	(46.60)	-	562.70	68.77	68.10	(9.90)	-	126.97	435.73
Plant & Machinery	298.20	-	(22.80)	-	275.40	12.10	23.50	(2.50)	-	33.10	242.30
Grand Total	**22,153.51**	**6,167.72**	**(682.50)**	**68.70**	**27,570.03**	**2,404.97**	**2,818.80**	**(146.10)**	**19.69**	**5,057.98**	**22,512.05**

(i) Capital work-in-progress	**(₹ in Million)**
Opening capital work-in-progress	2,635.97
Additions during the year	5,996.33
Capitalised during the year	6,167.72
Closing capital work-in -progress	**2,464.58**

(₹ in Million)

Particulars	Gross carrying amount						Accumulated depreciation					Net Carrying amount
Asset Class	**As at April 1, 2017**	**Business combination (Refer note 46)**	**Additions**	**Translation adjustment**	**Deductions / adjustments**	**As at December 31, 2017**	**As at April 1, 2017**	**Depreciation charge**	**Translation adjustment**	**Deductions / adjustments**	**As at December 31, 2017**	**As at December 31, 2017**
Owned assets												
Freehold Land	901.70	25.04	-	30.60	4.28	953.06	-	-	-	-	-	953.06
Factory Buildings	4,604.60	40.62	209.65	152.80	0.06	5,007.61	359.30	150.75	8.70	-	518.75	4,488.86
Office Buildings	883.10	-	173.63	2.20	83.35	975.58	61.02	17.50	1.60	4.15	75.97	899.61
Plant & Machinery	15,240.80	45.16	2,253.52	562.67	19.60	18,082.55	3,104.14	1,472.02	153.94	9.57	4,720.53	13,362.02
Factory Equipment	1,760.00	5.58	177.46	77.30	16.84	2,003.50	431.70	200.89	19.10	10.40	641.29	1,362.21
Electrical Installation	406.40	-	2.72	0.30	1.17	408.25	101.30	36.87	0.10	0.31	137.96	270.29
Mould & Dies	477.60	5.94	62.94	2.10	6.13	542.45	145.21	71.13	1.30	-	217.64	324.81
Electrical Fitting	61.10	-	0.47	-	-	61.57	17.40	6.41	-	-	23.81	37.76
Office Equipment	135.30	0.33	11.30	3.70	0.04	150.59	57.60	24.90	1.70	0.01	84.19	66.40
Tools & Instruments	845.30	0.16	186.04	93.80	2.12	1,123.18	368.27	190.67	48.00	1.57	605.37	517.81
Furniture and fixtures	222.70	1.66	12.06	3.10	0.09	239.43	47.08	20.30	0.70	0.04	68.04	171.39
Computers	345.30	0.35	99.62	11.20	0.04	456.43	133.69	81.64	3.90	0.04	219.19	237.24
Vehicles	63.22	3.24	34.62	0.60	9.41	92.27	32.10	11.30	0.20	7.31	36.29	55.98
Leased assets												
Leasehold Land	784.81	-	33.10	5.10	0.26	822.75	39.10	10.86	-	-	49.96	772.79
Buildings	562.70	-	-	96.30	4.85	654.15	126.97	53.23	24.00	1.37	202.83	451.32
Plant & Machinery	275.40	-	-	45.60	-	321.00	33.10	18.64	5.90	-	57.64	263.36
Grand Total	**27,570.03**	**128.08**	**3,257.13**	**1,087.37**	**148.24**	**31,894.37**	**5,057.98**	**2,367.11**	**269.14**	**34.77**	**7,659.46**	**24,234.91**

(i) Capital work-in-progress	-
Opening capital work-in-progress	2,464.58
Additions during the period	3,553.64
Capitalised during the period	3,257.13
Closing capital work-in -progress	**2,761.09**

Notes:

(i) Leased assets

Leasehold Land, Buildings and Plant & Machinery under finance lease **(₹ in Million)**

	December 31, 2017	March 31, 2017	March 31, 2016	March 31, 2015 (Proforma)
Deemed Cost / Gross block	1,797.90	1,622.91	1,688.41	1,300.80
Accumulated depreciation	310.43	199.17	100.27	71.50
Net Carrying amount	1,487.47	1,423.74	1,588.14	1,229.30

(ii) Property, plant and equipment pledged as security

Refer to note 43 for information on property, plant and equipment pledged as security by the Group

(iii) Contractual obligations

Refer to note 40(a) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iv) Office Building includes premises on ownership basis in a Co-Operative Society ₹ 6.30 million, including cost of shares therein ₹125.

(v) During the year ended March 31, 2015, pursuant to the provisions of the Companies Act, 2013 and requirements of notification G.S.R. 627 (E) dated August 29, 2014, the Company and its subsidiaries located in India have reviewed and reassessed the estimated useful lives and residual value of its Property, plant and equipment and adopted useful lives of the assets as per Schedule II to the Companies Act, 2013, except for certain items of Property, plant and equipment, based on a technical evaluation. Accordingly, the unamortized carrying amount is being depreciated over the revised remaining useful lives. Consequently, the depreciation charge for the year ended March 31, 2015 is lower by ₹ 40.10 million. Depreciation of ₹ 26.65 million (net of deferred tax of ₹13.45 million) has been debited to the reserves, in accordance with the transitional provisions of Schedule II of the Companies Act, 2013.

4 **Investment Properties**

(₹ in Million)

Asset Class	Gross carrying amount			Accumulated depreciation			Net carrying amount
	Deemed cost as at April 1, 2014 (Proforma)	Additions	As at March 31, 2015 (Proforma)	As at April 1, 2014 (Proforma)	Depreciation charge	As at March 31, 2015 (Proforma)	As at March 31, 2015 (Proforma)
Leasehold land	20.29	-	20.29	-	0.20	0.20	20.09
Factory buildings	143.42	-	143.42	-	5.59	5.59	137.83
Total	**163.71**	**-**	**163.71**	**-**	**5.79**	**5.79**	**157.92**

(₹ in Million)

Asset Class	Gross carrying amount			Accumulated depreciation			Net carrying amount
	Deemed cost as at 1 April, 2015	Additions	As at March 31, 2016	As at April 1, 2015	Depreciation charge	As at March 31, 2016	As at March 31, 2016
Leasehold land	20.09	-	20.09	-	0.20	0.20	19.89
Factory buildings	137.83	-	137.83	-	5.59	5.59	132.24
Total	**157.92**	**-**	**157.92**	**-**	**5.79**	**5.79**	**152.13**

(₹ in Million)

Asset class	Gross carrying amount			Accumulated depreciation			Net carrying amount
	As at April 1, 2016	Additions	As at March 31, 2017	As at April 1, 2016	Depreciation charge	As at March 31, 2017	As at March 31, 2017
Leasehold land	20.09	-	20.09	0.20	0.20	0.40	19.69
Factory buildings	137.83	-	137.83	5.59	5.59	11.18	126.65
Total	**157.92**	**-**	**157.92**	**5.79**	**5.79**	**11.58**	**146.34**

(₹ in Million)

Asset class	Gross carrying amount			Accumulated depreciation			Net carrying amount
	As at April 1, 2017	Additions	As at December 31, 2017	As at April 1, 2017	Depreciation charge	As at December 31, 2017	As at December 31, 2017
Leasehold land	20.09	-	20.09	0.40	0.18	0.58	19.51
Factory buildings	137.83	-	137.83	11.18	4.24	15.42	122.41
Total	**157.92**	**-**	**157.92**	**11.58**	**4.42**	**16.00**	**141.92**

Notes:

(i) **Amount recognised in Statement of Profit or Loss for investment properties**

(₹ in Million)

Asset class	For nine months ended December 31, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)
Rental income	24.38	31.89	29.64	35.63
Profit from investment properties before depreciation	**24.38**	**31.89**	**29.64**	**35.63**
Depreciation	4.42	5.79	5.79	5.79
Profit from investment properties	**19.96**	**26.10**	**23.85**	**29.84**

(ii) **Leasing arrangements**

Certain investment properties are leased to tenants under long-term cancellable operating leases with rentals payable monthly. There is escalation of 10% in lease rentals during the lease terms.

(iii) **Fair value**

Fair value of the investment property is ₹ 223.60 million, ₹ 222.62 million and ₹ 221.86 million as at March 31, 2017, March 31, 2016 and March 31, 2015 respectively. There is no significant change in the fair value of Investment Property after March 31, 2017.

Estimation of fair value

The group obtains valuations for its investment properties internally. The best evidence of fair value is current prices in an active market for similar properties

5 **Intangible Assets**

Goodwill (₹ in Million)

	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
Balance at the beginning of the period / year	150.82	150.82	150.82	150.82
Add: goodwill on acquisition of subsidiary during the period (refer note 46)	183.90	-	-	-
Total	334.72	150.82	150.82	150.82

Other Intangible Assets (₹ in Million)

Particulars	Gross carrying amount						Accumulated Amortisation					Net carrying amount
Asset Class	**Deemed cost as at April 1, 2014 (Proforma)**	**Business combination (Refer note 49)**	**Additions**	**Translation adjustment**	**Deductions / adjustments**	**As at March 31, 2015 (Proforma)**	**As at April 1, 2014 (Proforma)**	**Amortisation charge**	**Translation adjustment**	**Deductions / adjustments**	**As at March 31, 2015 (Proforma)**	**As at March 31, 2015 (Proforma)**
Computer software	794.99	15.90	99.40	(79.10)	-	831.19	-	250.00	(16.91)	-	233.09	598.10
Technical knowhow	611.69	-	0.70	(113.90)	-	498.49	-	69.13	(9.00)	-	60.13	438.36
Patents and others	7.32	2.50	24.10	(0.90)	-	33.02	-	1.52	(0.10)	-	1.42	31.60
Total	**1,414.00**	**18.40**	**124.20**	**(193.90)**	**-**	**1,362.70**	**-**	**320.65**	**(26.01)**	**-**	**294.64**	**1,068.06**

Intangible assets under development	**(₹ in Million)**
Opening capital work-in-progress	60.44
Addition on account of acquisition (refer note 49)	9.36
Addition during the year	341.39
Capitalised during the year	124.20
Closing capital work-in -progress	**286.99**

(₹ in Million)

Particulars	Gross carrying amount					Accumulated Amortisation					Net carrying amount
Asset Class	**Deemed cost as at April 1, 2015**	**Additions**	**Translation adjustment**	**Deductions / adjustments**	**As at March 31, 2016**	**As at April 1, 2015**	**Amortisation charge**	**Translation adjustment**	**Deductions / adjustments**	**As at March 31, 2016**	**As at March 31, 2016**
Computer software	598.10	303.23	55.10	0.20	956.23	-	307.38	5.11	0.20	312.29	643.94
Technical knowhow	438.36	96.14	60.10	0.20	594.40	-	85.12	2.62	-	87.74	506.66
Patents and others	31.60	33.23	3.00	2.00	65.83	-	6.70	0.10	-	6.80	59.03
Total	**1,068.06**	**432.60**	**118.20**	**2.40**	**1,616.46**	**-**	**399.20**	**7.83**	**0.20**	**406.83**	**1,209.63**

Intangible assets under development	**(₹ in Million)**
Opening capital work-in-progress	286.99
Additions during the year	662.66
Capitalised during the year	432.60
Closing capital work-in -progress	**517.05**

(₹ in Million)

Particulars	Gross carrying amount					Accumulated Amortisation					Net carrying amount
	As at April 1, 2016	Additions	Translation adjustment	Deductions / adjustments	As at March 31, 2017	As at April 1, 2016	Amortisation charge	Translation adjustment	Deductions / adjustments	As at March 31, 2017	As at March 31, 2017
Computer software	956.23	243.38	(48.40)	0.90	1,150.31	312.29	347.30	(30.50)	0.90	628.19	522.12
Technical know how	594.40	294.76	(62.10)	1.50	825.56	87.74	172.72	(17.50)	1.50	241.46	584.10
Patents and others	65.83	10.69	(2.01)	32.90	41.61	6.80	26.22	(0.20)	30.99	1.83	39.78
Total	**1,616.46**	**548.83**	**(112.51)**	**35.30**	**2,017.48**	**406.83**	**546.24**	**(48.20)**	**33.39**	**871.48**	**1,146.00**

Intangible assets under development	**(₹ in Million)**
Opening capital work-in-progress	517.05
Addition during the year	492.58
Capitalised during the year	548.83
Closing capital work-in -progress	**460.80**

(₹ in Million)

Particulars	Gross carrying amount						Accumulated Amortisation					Net carrying amount
	As at April 1, 2017	Business combination (refer note 46)	Additions	Translation adjustment	Deductions / adjustments	As at December 31, 2017	As at April 1, 2017	For the year	Translation adjustment	Deductions / adjustments	As at December 31, 2017	As at December 31, 2017
Computer software	1,150.31	0.10	118.82	58.14	2.55	1,324.82	628.19	209.85	43.01	-	881.05	443.77
Technical know how	825.56	0.14	292.91	140.89	-	1,259.50	241.46	206.35	44.59	-	492.40	767.10
Customer relationship	-	190.30	-	-	-	190.30	-	3.17	-	-	3.17	187.13
Patents and others	41.61	39.77	0.09	1.42	-	82.89	1.83	2.02	0.05	-	3.90	78.99
Total	**2,017.48**	**230.31**	**411.82**	**200.45**	**2.55**	**2,857.51**	**871.48**	**421.39**	**87.65**	**-**	**1,380.52**	**1,476.99**

Intangible assets under development	**(₹ in Million)**
Opening capital work-in-progress	460.80
Addition during the period	701.68
Capitalised during the period	411.82
Closing capital work-in -progress	**750.66**

(₹ in Million)

		As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
6	**Non current - Other financial assets**				
	Bank deposits with maturity of more than 12 months from balance sheet date (lien with bank ₹135.44 million (March 31, 2017 : ₹138.16 million, March 31, 2016 : Nil, March 31, 2015 : Nil))	135.44	138.16	0.47	6.81
	Unbilled receivables	85.23	620.59	827.12	1,162.25
	Others	0.26	0.44	0.11	0.12
	Total non current other financial assets	**220.93**	**759.19**	**827.70**	**1,169.18**

7	**Income tax assets (net)**				
	Income tax assets	**96.46**	**153.03**	**161.50**	**144.18**
	Income tax Liabilities	**29.19**	**178.90**	**138.22**	**16.28**

Income tax assets/ (liabilities) are disclosed based on entity-wise position as at each Balance Sheet date. Hence opening balance as at April 1, 2017, April 1, 2016 and April 1, 2015 will not be comparable with the closing balance of March 31, 2017, March 31, 2016 and March 31 , 2015 respectively.

8	**Other non current assets**				
	Capital advances (net)	101.78	75.53	323.00	204.89
	Advance to suppliers	194.58	109.83	64.20	0.19
	Government grant receivable	216.90	36.12	36.10	33.50
	Prepaid Expenses	1.66	-	-	-
	Balances with Government Authorities	39.55	155.67	187.09	171.69
	Other assets	277.02	108.94	18.52	10.34
	Total other non current assets	**831.49**	**486.09**	**628.91**	**420.61**

9	**Inventories**				
	Raw materials [Includes material in transit of 192.72 Million (March 31, 2017 ₹ 420.40 million, March 31, 2016 ₹ 566.90 million and March 31, 2015 ₹ 236.61 million)]	4,411.32	3,860.99	3,488.42	2,831.91
	Work-in-progress	1,938.75	1,795.04	1,536.55	1,345.60
	Finished goods [Includes finished goods in transit of 321.04 (March 31, 2017 ₹ 256.5 million, March 31, 2016 ₹ 195.10 million and March 31, 2015 ₹ 168.40 million)]	1,392.13	1,174.07	1,063.42	813.52
	Stock in trade	14.12	83.00	100.54	84.36
	Stores and spares	432.21	423.00	417.31	325.94
	Loose tools	278.05	164.57	182.59	408.49
	Packing material	36.54	28.51	24.76	25.48
	Renewable energy certificates	0.75	5.54	15.28	25.73
	Total Inventories	**8,503.87**	**7,534.72**	**6,828.87**	**5,861.03**

(₹ In Million)

		As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
10(a)	**Cash and cash equivalents**				
	Cash in hand (refer note 53)	2.50	2.10	2.22	2.54
	Bank balances				
	In current accounts	1,838.53	3,498.17	1,633.91	558.77
	Deposit with maturity of less than 3 months	3.26	-	-	-
	Total Cash and cash equivalents	**1,844.29**	**3,500.27**	**1,636.13**	**561.31**
10(b)	**Other bank balances**				
	Long term deposits with original maturity more than 3 months but less than 12 months	13.25	40.27	134.67	129.02
	Total other bank balances	**13.25**	**40.27**	**134.67**	**129.02**
		1,857.54	**3,540.54**	**1,770.80**	**690.33**

		As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
11	**Other financial assets**				
	Derivative financial assets at FVPL				
	Foreign currency options	37.42	34.50	13.41	7.13
	Foreign-exchange forward contracts	1.65	4.67	-	-
	Non-derivative financial assets at amortised cost				
	Interest receivable other than on fixed deposits	0.65	1.57	1.71	1.86
	Long term deposits with original maturity more than 12 months but realisable within the next 12 months	-	-	1.60	7.80
	Unbilled receivables	2,635.15	2,965.98	1,345.21	398.00
	Others	-	5.79	13.80	42.81
	Total other current financial assets	**2,674.87**	**3,012.51**	**1,375.73**	**457.60**

		As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
12	**Other current assets**				
	Advance to suppliers (net)	596.44	491.69	265.92	248.99
	Security deposits (Other than financial assets)	15.22	10.22	11.76	12.39
	Prepaid expenses	226.69	222.94	191.76	127.46
	Export and other incentives	35.99	13.36	18.16	14.81
	Balance with government authorities	432.35	828.40	1,005.80	1,574.65
	Government grant receivable	135.17	40.19	4.35	65.59
	Insurance claim receivable	0.05	6.58	3.50	75.04
	Others	110.63	58.54	98.90	70.57
	Total other current assets	**1,552.54**	**1,671.92**	**1,600.15**	**2,189.50**

13 Equity and Preference share capital

Movement in authorised capital

	Number of Shares: Equity share capital	Number of Shares: Preference share Capital
Opening balance as at April 01, 2014 (Proforma)	11,000,000	31,000,000
Add:- Increase in authorised share capital during the year	-	-
Opening balance as at March 31, 2015 (Proforma)	11,000,000	31,000,000
Add:- Increase in authorised share capital during the year	3,000,000	-
Balance as at March 31, 2016	14,000,000	31,000,000
Add:- Increase in authorised share capital during the year	2,500,000	2,500,000
Balance as at March 31, 2017	16,500,000	33,500,000
Add:- Increase in authorised share capital during the period	-	-
Balance as at December 31, 2017	16,500,000	33,500,000

	Number of Shares				(₹ in Million)			
	As at December 31, 2017	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015 (Proforma)**	**As at December 31, 2017**	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015 (Proforma)**
Authorized:								
Equity shares of ₹ 10 each	16,500,000	16,500,000	14,000,000	11,000,000	165.00	165.00	140.00	110.00
Preference shares of ₹ 10 each	33,500,000	33,500,000	31,000,000	31,000,000	335.00	335.00	310.00	310.00
					500.00	**500.00**	**450.00**	**420.00**
Issued, subscribed and paid-up:								
Equity shares of ₹ 10 each fully paid up	12,312,776	11,460,417	9,613,502	9,613,502	123.13	114.61	96.14	96.14
0.001% Series "A" compulsorily convertible preference shares ("Series A CCPS") of ₹10 each fully paid up	-	-	16,623,365	-	-	-	166.23	-
0.0001% Series "B" compulsorily convertible preference shares ("Series B CCPS") of ₹10 each fully paid up	-	852,359	-	-	-	8.52	-	-
0.0001% Series "C" compulsorily convertible preference shares ("Series C CCPS") of ₹10 each fully paid up	1,168,377	1,168,377	-	-	11.68	11.68	-	-
					134.81	**134.81**	**262.37**	**96.14**

(a) Movement in share capital

	Nos	(₹ in Million)	Nos	(₹ in Million)	Nos	(₹ in Million)	Nos	(₹ in Million)
	As at December 31, 2017	**As at December 31, 2017**	**As at March 31, 2017**	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2016**	**As at March 31, 2015 (Proforma)**	**As at March 31, 2015 (Proforma)**
Equity shares								
Outstanding at the beginning of the period/ year	**11,460,417**	114.61	9,613,502	96.14	9,613,502	96.14	9,613,502	96.14
0.001% series A CCPS converted into equity shares	-	-	1,846,915	18.47				
0.001% series B CCPS 8,52,359 shares converted into equity	**852,359**	8.52	-	-	-	-	-	-
Outstanding at the end of the period/ year	**12,312,776**	**123.13**	11,460,417	**114.61**	9,613,502	96.14	9,613,502	96.14
Preference shares								
Outstanding at the beginning of the period/ year	**2,020,736**	20.21	16,623,365	166.23	-	-	-	-
Add/(Less):- 0.001% Series A CCPS issued/(converted)into equity shares during the period/ year (refer note c below)	-	-	(16,623,365)	(166.23)	16,623,365	166.23	-	-
Add:- 0.0001% Series B CCPS issued during the period/ year	**(852,359)**	(8.52)	852,359	8.52	-	-	-	-
Add:- 0.0001% Series C CCPS issued during the period/ year	-	-	1,168,377	11.68	-	-	-	-
Outstanding at the end of the period/ year	**1,168,377**	**11.69**	2,020,736	**20.20**	16,623,365	166.23	-	-

The above information is net of treasury shares, held by VPPL, a wholly owned subsidiary from December 01, 2014. These treasury shares have been cancelled during the nine months ended December 31, 2017.Refer note f below.

(b) Rights, Preferences and Restrictions attached to Equity Shares

Equity shares: The Company has equity shares having a par value of ₹10/- per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

Pursuant to the agreements, the Company had issued and allotted 2 equity shares having face value of ₹ 10 each at a premium of ₹ 990 per equity share to Omega TC Holdings Pte. Ltd. and TATA Capital Financial Services Limited (collectively referred to as “PE Investors”).

(c) Conversion of Series A CCPS:

During the year 2013-14, pursuant to the agreement with the Private Equity Investors the Company had issued and allotted 29,999,980 number of 0.001% Series A CCPS having face value of ₹ 10 each at a premium of ₹ 90 per share. The said Series A CCPS are cumulative, mandatorily and fully convertible preference share.

Prior to conversion of Series A CCPS:
(i) The said PE Investors are entitled to vote at each meeting of the holders of equity shares of the Company to the extent of 9% of the Equity Share Capital on a fully diluted basis. The remaining 91% voting rights are with other equity shareholders of the Company in proportion to the number of shares held by them.

(ii) The holder of each Series A CCPS are entitled to preferential dividend at the rate of 0.001% per year. The amount of dividend accrued on each Series A CCPS during a financial year is required to be distributed by the Company to the Investors by way of preferential dividend on April 1st of the subsequent financial year.

(iii) Under Ind AS, Series A CCPS have been classified as compound financial instrument. At inception, the liability and equity component have been separately accounted for under borrowing and equity (other reserves). As at March 31, 2015 and March 31, 2016, Series A CCPS have been measured and accounted based on the terms of the agreement, provisions of IND AS 109 and section 68 (2) (c) of the Companies Act, 2013.Subsequently Series A CCPS were converted into 1,846,915 equity shares of ₹10/- each ranking pari passu with the existing equity shares of the Company as per the Amendment And Supplemental Agreement dated March 9, 2017 to original Share Subscription Agreement dated January 24, 2014 entered into between the Company, Promoters and PE investors and have been accounted for accordingly. Refer note 2E and 2F for the impact on first time adoption of Ind AS on the financial statements and Proforma financial statements.

(d) Bonus issue of Series B CCPS

During the year ended March 31, 2017, the Company issued and allotted 852,359 Series B CCPS of ₹10/- each fully paid as bonus to eligible equity shareholders of the Company in the ratio of 61 fully paid Series B CCPS for every 688 equity shares of the Company held by them. The Series B CCPS are non-cumulative, non-participating preference shares, mandatorily and fully convertible into equity shares on occurrence of the trigger event. The holder of each Series B CCPS were entitled to preferential dividend at the rate of 0.0001% per year on the face value. The Series B CCPS did not have any entitlement to participate in any dividend distribution to the holders of Equity Shares. Under Ind AS, Series B CCPS were been classified as an equity instrument based on the terms of the agreement and trigger event, which is earlier of :
(i) the date on which the Equity Shares of the Company held by Varroc Polymers Private Limited (VPPL) stand extinguished pursuant to the Capital Reduction Scheme becoming effective after being duly approved by the National Company Law Tribunal; or (ii) the date that the Company files a red herring prospectus with the SEBI for undertaking an IPO.
During the period ended December 31, 2017, the series B CCPS were been converted into equity shares pursuant to the approval of the Capital reduction scheme of VPPL by the NCLT (refer note f below). These shares were issued and allotted through a special resolution passed in the Board Meeting held on January 16, 2018.

(e) Bonus issue of series C CCPS

During the year ended March 31, 2017, the Company issued and allotted 1,168,377 Series C CCPS of ₹10/- each fully paid as bonus to eligible equity shareholders of the Company in the ratio of 57 fully paid up Series C CCPS for every 469 equity shares of the Company held by them. The Series C CCPS are non-cumulative, participating preference shares, mandatorily and fully convertible into equity shares on occurrence of the trigger event. The holder of each Series C CCPS are entitled to preferential dividend at the rate of 0.0001% per year on the face value. The Series C CCPS are entitled to participate, on a pari passu basis with Equity Shares, in any dividend distribution to the holders of Equity Shares on an 'as if converted' basis. For the purpose of dividend distribution, the Series C CCPS prior to their conversion shall constitute 1.3% of the Equity Share Capital on a fully diluted basis. Under Ind AS, Series B CCPS have been classified as an equity instrument based on the terms of the agreement and trigger event, which is earlier of: (i) the date on which the Company files a red herring prospectus with the SEBI for undertaking an IPO or (ii) IPO Veto Date; (iii) the Conversion Deadline, as defined in the terms of agreement.

(f) Capital Reduction

The Company pursuant to the provisions of Section 66 of the Companies Act, 2013 and the rules made thereunder had filed a petition for reduction of 852,349 equity shares of ₹ 10 each held by wholly owned subsidiary Varroc Polymers Private Limited (VPPL) without any consideration. This scheme was approved by the National Company Law Tribunal (NCLT) and was filed with the Registrar of Companies (ROC) on December 18, 2017. The ROC registered the order on January 15, 2018 and the Company took on record this transaction at the Board Meeting on January 16, 2018. Pursuant to this transaction, share capital of ₹ 8.52 million has been transferred to Capital Reserve as at December 31, 2017.

(g) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at December 31, 2017		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015 (Proforma)	
Name of the Shareholder	**Numbers of shares**	**% of shareholding**	**Numbers of shares**	**% of shareholding**	**Numbers of shares**	**% of shareholding**	**Numbers of shares**	**% of shareholding**
Equity Shares								
Mr. Tarang Jain	5,079,859	*41.26%*	3,529,025	*30.79%*	5,970,500	*57.00%*	-	-
Tarang Jain Holding Trust	3,385,000	*27.49%*	3,385,000	*29.54%*	-	-	-	-
Omega TC Holdings Pte. Ltd.	1,691,713	*13.74%*	1,691,713	*14.76%*	-	-	-	-
Naresh Chandra Holdings Trust	1,000,000	*8.12%*	1,000,000	*8.73%*	-	-	-	-
Suman Jain Holdings Trust	1,000,000	*8.12%*	1,000,000	*8.73%*	-	-	-	-
Mrs. Suman Jain	-	-	-	-	1,207,000	*12.00%*	1,207,000	*12.56%*
Mr. Naresh Chandra	-	-	-	-	1,171,600	*11.00%*	1,171,600	*12.19%*
Mr. Tarang Jain and Rochna Jain	-	-	-	-	814,900	*8.00%*	814,900	*8.48%*
Preference Shares								
Omega TC Holdings Pte. Ltd.	-	-	-	-	27,478,973	*92.00%*	27,478,973	*91.60%*
Tata Capital Financial Services Limited	-	-	-	-	2,521,007	*8.00%*	2,521,007	*8.40%*
Mr. Tarang Jain	1,168,377	*100.00%*	1,453,523	*71.93%*	-	-	-	-
Mr. Naresh Chandra	-	-	324,504	*16.06%*	-	-	-	-
Mrs. Suman Jain	-	-	242,709	*12.01%*	-	-	-	-

(h) Aggregate number of bonus shares issued during the five years immediately preceding March 31, 2017

	No of Shares
0.0001% Series B CCPS and 0.0001% Series C CCPS issued and allotted as fully paid up bonus shares by capitalisation of profits from securities premium during the year ended March 31, 2017	**2,020,736**

Other than above, the Company during the preceding 5 years:

i. Has not allotted shares pursuant to contracts without payment received in cash.
ii. Has not issued shares by way of bonus shares except as mentioned above.
iii. Has not bought back any shares.

(₹ in Million)

		As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
14	**Reserves and surplus**				
	Retained earnings	8,066.09	4,900.22	2,141.31	(149.05)
	General reserve	4,194.73	3,747.14	3,747.14	3,749.93
	Debenture redemption reserve	325.00	200.00	-	-
	Capital redemption reserve	11.30	11.30	11.30	11.30
	Capital reserve	5,570.28	6,330.54	6,330.54	5,849.97
	Statutory reserves	410.80	365.50	365.50	431.72
	Securities premium reserve	6,190.08	6,128.66	3,013.44	847.34
		24,768.28	**21,683.36**	**15,609.23**	**10,741.21**
	Retained earnings				
	Balance at the beginning of the period/ year	4,900.22	2,141.31	(1,533.83)	(108.98)
	Profit for the period/ year	3,079.20	3,030.10	3,693.59	129.57
	Adjustment on account of shares held by subsidiary in the Company (refer note 49)(c)	-	-	-	(36.16)
	Remeasurement of post-employment benefit obligation, net of tax	5.72	(25.28)	23.26	(60.09)
	Dividend paid (including dividend distribution tax Nil (March 31, 2017 ₹ 4.41 million, March 31,2016 ₹3.91 million, March 31, 2015 ₹ 6.40 million))	-	(45.91)	(41.71)	(36.74)
	Less: Transitional effect as per the provision of Schedule II of the Companies Act, 2013 March 31, 2015 (Net of deferred tax of ₹11.74 million)	-	-	-	(26.65)
	Add: On account of capital reduction (refer note 13(f))	205.95	-	-	-
	Transfer to general reserve	-	-	-	(10.00)
	Transfer to debenture redemption reserve (25% of face value)	(125.00)	(200.00)	-	-
	Balance at the end of the period/ year	**8,066.09**	**4,900.22**	**2,141.31**	**(149.05)**
	General reserve				
	Balance at the beginning of the period/ year	3,747.14	3,747.14	3,747.14	4,184.73
	Amount transferred from surplus in the Statement of Profit and Loss	-	-	-	10.00
	Add: On account of capital reduction (refer note 13(f))	447.59	-	-	-
	Adjustment on account of shares held by subsidiary in the Company (refer note 49)(c)	-	-	-	(444.80)
	Balance at end of the period/ year	**4,194.73**	**3,747.14**	**3,747.14**	**3,749.93**
	Debenture redemption reserve				
	Balance at the beginning of the period/ year	200.00	-	-	-
	Transfer from retained earnings	125.00	200.00	-	-
	Balance at the end of the period/ year	**325.00**	**200.00**	**-**	**-**
	Capital Reserve redemption reserve				
	Balance at the beginning and at end of the period/ year	**11.30**	**11.30**	**11.30**	**11.30**
	Capital Reserve				
	Balance at the beginning of the period/ year	6,330.54	6,330.54	6,330.54	2,614.00
	Addition during the year on account of acquisition of subsidiary (refer note 49)(a)	-	-	-	3,619.63
	Adjustment on account of sale of subsidiary (refer note 50)	-	-	-	(176.50)
	On account of capital reduction (refer note 13(f))	(760.26)	-	-	-
	Adjustment on account of shares held by subsidiary in the Company (refer note 49)(c)	-	-	-	(207.16)
	Balance at the end of the period/ year	**5,570.28**	**6,330.54**	**6,330.54**	**5,849.97**

(₹ in Million)

	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
Statutory reserves				
Balance as at beginning of the period/ year	365.50	365.50	365.50	472.88
On account of capital reduction (refer note 13(f))	45.30	-	-	-
Adjustment on account of shares held by subsidiary in the Company (refer note 49)(c)	-	-	-	(41.16)
Balance at the end of the period/ year	**410.80**	**365.50**	**365.50**	**431.72**
Securities premium reserve				
Balance at the beginning of the period/ year	6,128.66	3,013.44	612.85	**965.75**
Conversion of 0.001% Series A CCPS into equity shares (Refer note 13)	-	3,135.43	-	-
Conversion of 0.001% Series A CCPS	-	-	2,400.59	-
On account of capital reduction	61.42	-	-	-
Issue of 0.0001% Series B CCPS and Series C CCPS (Refer note 13)	-	(20.21)	-	-
Adjustment on account of shares held by subsidiary in the Company (refer note 49)(c)	-	-	-	(118.41)
Balance at the end of the period/ year	**6,190.08**	**6,128.66**	**3,013.44**	**847.34**
Total Reserves and surplus	**24,768.28**	**21,683.36**	**15,609.23**	**10,741.21**

15	**Other reserves**				
	Foreign Currency Translation Reserve				
	Balance at the beginning of the period/ year	44.52	880.81	-	-
	Effects of foreign exchange rate variation during the period/ year	1,179.28	(836.29)	880.81	(898.12)
	Balance at the end of the period/ year	**1,223.80**	**44.52**	**880.81**	**(898.12)**
	Cash flow hedge				
	Balance at the beginning of the period/ year	(8.94)	(9.30)	-	-
	Loss on changes in fair value of hedging instrument	(4.81)	(21.81)	(38.80)	-
	Income tax relating to gains/loss arising on changes in fair value	1.66	7.56	13.40	-
	Reclassification to Statement of Profit and Loss	7.91	14.61	16.10	-
	Balance at the end of the period/ year	**(4.18)**	**(8.94)**	**(9.30)**	**-**
	Equity component of CCPS				
	Balance at the beginning of the period/ year	-	885.66	885.66	885.66
	Transferred during the year	-	(885.66)	-	-
	Balance at the end of the period/ year	**-**	**-**	**885.66**	**885.66**
	Total other reserve	**1,219.62**	**35.58**	**1,757.17**	**(12.46)**

Nature and purpose of other reserves

General reserve
General reserve are the retained earnings of the Group which are kept aside out of Group's profit to meet future (known or unknown) obligation.

Debenture redemption reserve
The Group is required to create a debenture redemption reserve out of the profits which is available for payment of dividend for the purpose of redemption of debentures.

Securities premium reserve
Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013.

Cash flow hedging reserve
The group uses hedging instruments as part of its management of foreign currency risk and interest rate risk as described in the note 36. To the extent these hedges are effective; the change in fair value of the hedging instrument is recognised in the cash flow hedge reserve. Amounts recognized in the cash flow hedge reserve is reclassified to profit or loss when the hedged item affects profit or loss.

Capital Reserve
Capital reserve is not available for distribution as dividend.

Capital redemption reserve
Capital redemption reserve is not available for distribution as dividend.

Statutory reserves

Statutory reserves is created based on respective statutory requirements and hence is not available for distribution as dividend.

Foreign Currency Translation Reserve
Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

(₹ in Million)

		As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
16	**Non current - Provisions**				
	Provision for employee benefits				
	Gratuity (Refer Note 32)	544.00	424.45	452.12	460.45
	Compensated absences	72.29	64.31	60.75	55.65
	Others				
	Provision for warranties*	232.39	119.81	110.17	95.60
	Others#	53.41	131.47	142.31	142.92
	Total non current provisions	**902.09**	**740.04**	**765.35**	**754.62**
	Movement in the Provision				
	Provision for warranty				
	Balance as at the beginning of the period/ year	342.42	247.48	133.85	177.65
	Additions	263.36	290.94	245.74	140.58
	Utilization/Reversed during the period/ year	(162.19)	(178.04)	(144.27)	(170.72)
	Unwinding of discount and effect of changes in discount rate	0.38	(0.13)	(0.34)	-
	Foreign exchange translation difference	33.84	(17.84)	12.50	(13.49)
	Balance as at the end of the period/ year	**477.81**	**342.42**	**247.48**	**134.02**
	Current Portion	**245.42**	**222.61**	**137.31**	**38.42**
	Non Current Portion	**232.39**	**119.81**	**110.17**	**95.60**
	Total	**477.81**	**342.42**	**247.48**	**134.02**
	Other Provisions				
	Balance as at the beginning of the period/ year	290.64	194.43	169.67	7.07
	Additions	62.68	208.99	13.40	162.60
	Utilization/Reversed during the period/ year	(212.09)	(128.70)	(32.70)	-
	Foreign exchange translation difference	33.98	15.92	44.06	-
	Balance as at the end of the period/ year	**175.21**	**290.64**	**194.43**	**169.67**
	Current Portion	**121.80**	**159.17**	**52.12**	**26.75**
	Non Current Portion	**53.41**	**131.47**	**142.31**	**142.92**
	Total	**175.21**	**290.64**	**194.43**	**169.67**

* Provision for warranties :- The group provides warranties on applicable products, for their satisfactory performance during the warranty period as per the contracts with buyers. Provision for warranty claims arising out of such obligation is made based on such warranty period.

Other provision includes provision for coupon schemes and customer claims related to tooling contract .These claims are expected to be settled within 2-3 years. Management estimates these provision based on historical claim information and any recent trends. The impact of discounting of these provisions is not material.

(₹ in Million)

	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
17 Deferred tax liabilities / (assets) (net)				
17A Deferred tax liabilities (net)				
Deferred tax liabilities				
Depreciation and amortization	1,102.83	927.24	1,356.81	1,146.16
Revenue recognised under Percentage of Completion method	57.03	-	295.38	127.13
Goodwill (refer note 46)	77.45	-	-	-
Others	13.45	8.31	3.80	156.65
	1,250.76	**935.55**	**1,655.99**	**1,429.94**
Deferred tax assets				
Expenses allowable on payment	124.66	48.01	303.59	224.51
Provision for doubtful debts and advances	37.42	29.32	36.37	39.27
Unabsorbed tax depreciation and losses	35.13	197.20	105.08	102.24
Provision for employee benefits	13.10	14.40	105.27	84.68
Investment Allowance	-	-	184.83	-
MAT Credit Entitlement	534.46	507.16	357.21	295.28
Others	99.04	9.42	90.90	61.94
	843.81	**805.51**	**1,183.25**	**807.92**
Total Deferred tax liabilities (net)	**406.95**	**130.04**	**472.74**	**622.02**
Movement in deferred tax liabilities				
Opening deferred tax liabilities	130.04	472.74	622.02	537.73
Recognised in the Statement of Profit and Loss				
Expenses allowable on payment	(74.99)	263.14	(65.67)	(95.21)
Provision for doubtful debts and advances	(8.15)	7.05	2.90	4.03
Unabsorbed tax depreciation and losses	162.07	(92.12)	(2.84)	(35.44)
Provision for warranty	-	-	-	6.90
Provision for employee benefits	4.14	97.38	(24.16)	(61.53)
Revenue recognised under Percentage of Completion method	57.03	(295.38)	168.25	120.48
Investment Allowance	-	184.83	(184.83)	-
Depreciation and amortization	175.59	(429.57)	210.65	124.29
Others	(53.53)	70.28	(207.75)	143.49
Total	262.16	(194.40)	(103.45)	207.01
Exchange Differences	(30.90)	15.72	25.98	(18.40)
			-	
Charged to other comprehensive income				
Cash flow hedge reserve	(1.66)	(7.56)	(13.40)	-
Remeasurement of defined benefit obligation	(2.84)	(6.51)	3.52	(3.55)
	(4.50)	(14.07)	(9.88)	(3.55)
Deferred tax on account of Business Combination	77.45	-	-	-
Decrease/ (Increase) in MAT credit	(27.30)	(149.95)	(61.93)	(100.78)
Closing deferred tax liabilities	**406.95**	**130.04**	**472.74**	**622.02**
17B Deferred tax assets (net)				
Deferred tax assets				
Expenses allowable on payment	274.34	174.02	97.64	-
Provision for doubtful debts and advances	7.42	3.77	-	-
Unabsorbed tax depreciation and losses	37.74	223.54	38.43	-
Provision for employee benefits	42.63	50.71	-	-
Investment Allowance	709.31	242.16	-	-
MAT Credit Entitlement	4.12	4.30	-	-
Others	112.54	161.56	-	-
	1,188.10	**860.06**	**136.07**	**-**
Deferred tax liabilities				
Depreciation and amortization	413.61	523.86	-	-
Revenue recognised under Percentage of Completion method	129.16	194.65	-	-
Others	30.80	11.34	3.63	-
	573.57	**729.85**	**3.63**	**-**
Total Deferred tax assets (net)	**614.53**	**130.21**	**132.44**	**-**
Movement in deferred tax assets				
Opening deferred tax assets	130.21	132.44	-	-
Recognised in the Statement of Profit and Loss				
Expenses allowable on payment	100.31	76.38	97.64	-
Provision for doubtful debts and advances	3.65	3.77	-	-
Unabsorbed tax depreciation and losses	(185.80)	185.11	38.43	-
Provision for employee benefits	(8.08)	50.71	-	-
Revenue recognised under Percentage of Completion method	65.49	(194.65)	-	-
Investment Allowance	467.15	242.16	-	-
Depreciation and amortization	110.25	(523.86)	-	-
Others	(59.47)	156.65	(3.63)	-
Total	**493.50**	**(3.73)**	**132.44**	**-**
Exchange Differences	(9.00)	5.80	-	-
Increase / (Decrease) in MAT credit	(0.18)	(4.30)	-	-
Closing deferred tax assets	**614.53**	**130.21**	**132.44**	**-**

Note: Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation laws. Deferred tax assets/ (liabilities) are disclosed based on entity-wise position as at each Balance Sheet date. Hence opening balance as at April 01, 2017, April 01, 2016 and April 01, 2015 will not be comparable with the closing balance of March 31, 2017, March 31, 2016 and March 31, 2015.

(₹ in Million)

		As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
18	**Trade payables**				
	Total outstanding dues of micro enterprises and small enterprises (refer note 31)	17.56	25.59	26.88	55.10
	Total outstanding dues other than micro enterprises and small enterprises				
	Trade payables to Related Parties (refer note 39)	26.44	35.32	39.14	37.69
	Others	15,672.12	15,001.11	12,100.58	9,736.18
		15,698.56	15,036.43	12,139.72	9,773.87
	Total trade payables	**15,716.12**	**15,062.02**	**12,166.60**	**9,828.97**
19	**Current - Other financial liabilities**				
	Current maturities of non-current borrowings (refer Annexure VII and Annexure VIII)	2,095.66	1,537.82	1,897.86	2,449.36
	Finance lease obligations (refer note 44)	64.74	48.01	52.43	1.05
	Interest accrued but not due on borrowings	103.11	49.74	51.78	50.21
	Capital creditors	914.87	1,331.08	1,233.90	797.55
	Customer security deposits	35.37	29.51	23.09	17.20
	Employee benefits payable	1,288.89	1,510.57	1,465.81	1,200.15
	Derivative liabilities pending settlement	65.42	60.59	38.91	23.59
	Redemption liability related to Non controlling interest	136.57	123.39	133.72	120.37
	Others	2.10	0.80	98.87	94.73
	Total other financial liabilities	**4,706.73**	**4,691.51**	**4,996.37**	**4,754.21**
20	**Current - Provisions**				
	Provision for Employee benefits				
	Gratuity (refer note 32)	55.51	48.75	35.11	57.93
	Compensated absences	9.48	47.50	33.73	16.68
	Others				
	Provision for warranties (refer note 16)	245.42	222.61	137.31	38.42
	Management and Performance Bonus	104.85	119.29	-	-
	Others (refer note 16)	121.80	159.17	52.12	26.75
	Total current provision	**537.06**	**597.32**	**258.27**	**139.78**
21	**Other current liabilities**				
	Advance received from customer	1,248.48	546.17	529.44	1,128.97
	Deferred government grant	85.81	70.49	87.58	90.75
	Statutory Dues Payable	382.15	307.50	426.14	1,111.26
	Other payables	99.83	70.60	55.38	50.36
	Total Other current liabilities	**1,816.27**	**994.76**	**1,098.54**	**2,381.34**

(₹ in Million)

	For nine months ended December 31, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)
22 Revenue from operations				
Sale of products*				
Finished goods	67,575.12	87,676.97	73,923.94	59,211.04
Traded goods	802.05	1,145.65	1,199.22	568.60
Sale of engineering services	1,429.95	1,717.40	1,755.93	2,316.02
Other operating revenue				
Tooling revenue	3,033.61	4,361.39	4,176.58	6,446.63
Wind and solar power generation	85.58	119.57	100.76	93.90
Prototype sale	444.59	496.40	565.20	386.08
Job work receipts	113.80	88.72	115.22	131.03
Scrap sales	243.18	250.24	231.42	234.66
Export Incentives	61.58	45.33	28.91	26.57
Royalty	114.04	110.89	67.16	84.98
Others	35.51	72.84	24.66	8.19
Total revenue from operations	**73,939.01**	**96,085.40**	**82,189.00**	**69,507.70**

* Note: Revenue from Operations until March 31, 2017 includes excise duty which is discontinued w.e.f. July 01, 2017 upon implementation of Goods and Services Tax (GST) in India. In accordance with Ind AS 18, Revenue, GST is not included in Revenue from Operations. In view of the aforesaid restructuring of Indirect taxes, Revenue from Operations for the nine months ended December 31, 2017 is not comparable with that of previous years.

Revenue from operations net of excise duty	**72,941.16**	**92,987.88**	**79,092.21**	**67,699.92**
23 Cost of materials consumed				
Raw material at the beginning of the period / year	3,860.99	3,488.42	2,733.14	2,213.49
Add:- On account of business acquisition (refer note 46) and (refer note 49)	26.49	-	-	380.80
Add: Purchases	44,984.91	60,103.77	50,661.60	42,148.64
	48,872.39	63,592.19	53,394.74	44,742.93
Less: Raw material at the end of the period/ year	(4,411.32)	(3,860.99)	(3,488.42)	(2,831.91)
Total cost of materials consumed	**44,461.07**	**59,731.20**	**49,906.32**	**41,911.02**
24 Changes in Inventories of work-in-progress, stock-in-trade and finished goods				
Opening balance				
Work-in-progress	1,795.04	1,536.55	1,307.77	889.06
Finished goods	1,174.07	1,063.42	796.45	688.91
Stock-in-trade	83.00	100.54	84.36	63.28
Add:- On account of business acquisition (refer note 46) and (refer note 49)	3.45	-	-	134.80
Total opening balance	**3,055.56**	**2,700.51**	**2,188.58**	**1,776.05**
Closing balance				
Work-in-progress	1,938.75	1,795.04	1,536.55	1,345.60
Finished goods	1,392.13	1,174.07	1,063.42	813.52
Stock-in-trade	14.12	83.00	100.54	84.36
Total closing balance	**3,345.00**	**3,052.11**	**2,700.51**	**2,243.48**
Total changes in inventories of work-in-progress, stock-in-trade and finished goods	**(289.44)**	**(351.60)**	**(511.93)**	**(467.43)**
25 Employee benefits expense				
Salaries, wages and bonus	7,594.65	9,656.98	8,290.39	7,089.39
Contribution to Gratuity and other funds (refer note 32)	696.22	838.68	759.95	612.78
Staff welfare expenses	1,299.90	1,541.84	1,348.93	1,320.31
Total employee benefits expense	**9,590.77**	**12,037.50**	**10,399.27**	**9,022.48**
26 Depreciation and amortisation expenses				
Depreciation on property, plant and equipment	2,367.11	2,818.80	2,517.46	2,213.29
Depreciation on Investment property	4.42	5.79	5.79	5.79
Amortisation on intangible assets	421.39	546.24	399.20	320.65
Total depreciation and amortisation expenses	**2,792.92**	**3,370.83**	**2,922.45**	**2,539.73**

(₹ in Million)

	For nine months ended December 31, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)
27 Other expenses				
Consumption of stores and spares and loose tools	925.98	1,200.61	1,211.19	1,084.93
Consumption of packing materials	844.86	1,033.08	931.37	694.50
Repairs to				
Buildings	148.56	240.98	282.41	351.14
Machinery	568.64	767.52	682.19	520.52
Others	315.75	433.83	380.89	320.33
Telephone and communication expenses	91.48	130.55	93.71	73.36
Water and electricity charges	1,515.50	1,931.16	1,866.42	1,746.76
Rental charges {refer note 40(b)}	244.94	271.73	216.91	169.88
Rates and taxes	106.54	134.98	100.10	97.54
Contract labour cost	2,631.26	2,838.85	2,215.02	1,528.22
Legal and professional fees	270.27	652.76	417.56	336.69
Net foreign exchange loss	174.32	-	17.10	-
Net loss on sale of tangible / intangible assets	3.34	5.77	-	10.13
Travelling and conveyance	467.33	555.34	496.82	380.78
Insurance	109.56	138.44	116.08	94.38
Corporate social responsibility expenditure	28.30	25.50	30.73	19.56
Provision for doubtful loans, advances and debts (Net)	9.29	44.89	41.51	-
Sales promotion, marketing and advertisement cost	77.15	101.76	84.30	61.93
Research and development expenses	812.63	402.37	310.29	172.09
Freight and forwarding expenses	1,513.53	1,865.88	1,579.93	1,540.66
Warranties	263.36	291.38	246.55	142.36
Testing and Engineering services	53.27	230.75	107.12	252.52
IT related cost	594.55	757.83	637.76	640.28
Miscellaneous expenses	378.77	709.35	425.05	339.49
Total other expenses	**12,149.18**	**14,765.31**	**12,491.01**	**10,578.05**
28 Finance costs (Other than Imputed interest and changes in cash flow estimates on liability portion of CCPS)				
Interest and finance charges on financial liabilities not at fair value through profit or loss	525.84	760.71	635.86	809.44
Exchange differences regarded as an adjustment to borrowing costs	11.40	(11.84)	60.72	16.29
Other borrowing costs	77.64	113.49	144.38	148.62
Total finance costs	**614.88**	**862.36**	**840.96**	**974.35**
29 Exceptional item				
Profit on sale of subsidiary (Refer note 50)	-	-	-	517.51
	-	-	-	**517.51**
30 Income tax expense				
(a) Income tax expense				
Current tax				
Current tax on profits for the period/ year	851.21	574.36	517.56	359.19
Total current tax expense	**851.21**	**574.36**	**517.56**	**359.19**
Deferred tax				
Decrease (increase) in deferred tax assets	(493.32)	8.03	(132.43)	-
(Decrease) increase in deferred tax liabilities	234.86	(344.35)	(165.39)	106.23
Total deferred tax expense/(benefit)	**(258.46)**	**(336.32)**	**(297.82)**	**106.23**
Income tax expense	**592.75**	**238.04**	**219.74**	**465.42**
Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:				
Profit before tax and before Share of net profit of investment accounted for using equity method	3,140.05	2,480.05	3,419.71	268.73
Tax at the Indian tax rate of 34.608% (March 31, 2017 - 34.608%, March 31, 2016 - 34.608%, March 31, 2015 - 33.99%)	1,086.71	858.30	1,183.49	91.34
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Weighted deduction on research and development expenditure	(75.50)	(70.03)	(87.75)	(63.30)
Investment Allowance	(480.10)	(389.30)	(271.65)	(250.13)
Non taxable income	-	(149.19)	(42.51)	(11.30)
Non deductible expenses	212.42	280.34	72.09	61.90
Imputed interest and changes in cash flow estimates on liability portion of CCPS	-	14.40	(438.70)	1,285.00
Difference in overseas tax rates	(177.20)	(239.35)	(22.70)	(589.20)
Other items	26.42	(67.13)	(172.53)	(58.89)
	592.75	**238.04**	**219.74**	**465.42**

31 Dues to micro and small enterprises

The group has dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

(₹ in Million)

		December 31, 2017	March 31, 2017	March 31, 2016	March 31, 2015 (Proforma)
a)	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at period /year end	8.33	17.18	18.69	48.22
b)	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at period /year end	*	*	0.38	0.25
c)	Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the period /year	40.85	255.13	41.30	236.77
d)	Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the period /year	-	-	-	-
e)	Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the period /year	-	-	-	14.00
f)	Interest due and payable towards suppliers registered under MSMED Act, for payments already made	0.83	0.57	1.17	4.03
g)	Further interest remaining due and payable for earlier years	8.40	7.84	6.64	2.60

* Amount below rounding off norm adopted by the group

32 Employee benefit obligation

Indian Entities

A Defined contribution plans:

The Group has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period/year towards defined contribution plan is as under:

(₹ in Million)

	December 31, 2017	March 31, 2017	March 31, 2016	March 31, 2015 (Proforma)
(I) Contribution to Employees' provident fund	57.80	76.91	72.17	56.20
(II) Contribution to Employees' family pension fund	46.05	58.03	55.02	33.02
Total	**103.85**	**134.94**	**127.19**	**89.22**

B Gratuity

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees' last drawn basic salary plus dearness allowance per month computed proportionately for 15 days' salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to recognised funds in India. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the period/ year are as follows:

(₹ in Million)

Particulars	As at			
	December 31, 2017	March 31, 2017	March 31, 2016	March 31, 2015 (Proforma)
(a) Change in present value of benefit obligations				
Liability at the beginning of the period/ year	297.28	243.86	215.56	165.96
Service cost	35.23	40.63	39.94	37.84
Interest expense	15.40	18.37	16.41	14.77
Remeasurements - Actuarial (gains)/ losses (refer note (e) below)	8.57	22.08	(7.42)	11.58
Benefits paid	(22.99)	(27.66)	(20.63)	(12.60)
Liability at the end of the period/ year	**333.49**	**297.28**	**243.86**	**217.55**

(₹ in Million)

Particulars	As at			
	December 31, 2017	March 31, 2017	March 31, 2016	March 31, 2015 (Proforma)
(b) Change in fair value of plan assets				
Fair value of plan assets at the beginning of the period/ year	262.72	217.73	157.36	152.78
Interest income	14.31	18.65	14.46	13.81
Remeasurements- Return on plan assets excluding amounts recognised in interest income (refer note (e) below)	0.52	(0.66)	1.79	(0.30)
Contributions	27.38	55.87	64.75	5.67
Morality Charges and Taxes	(2.22)	(1.21)	-	-
Benefits paid	(22.99)	(27.66)	(20.63)	(12.60)
Fair value of plan assets at the end of the period/ year	**279.72**	**262.72**	**217.73**	**159.36**

(c) The net liability disclosed above relates to funded plan is as follows:

(₹ in Million)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
Present value of funded obligations	333.49	297.28	243.86	217.55
Fair value of plan assets	279.72	262.72	217.73	159.36
Deficit of funded plan	**53.77**	**34.56**	**26.13**	**58.19**

(d) Expenses to be recognized in the Statement of Profit and Loss under employee benefit expenses.

(₹ in Million)

Particulars	Period / Year ended			
	December 31, 2017	March 31, 2017	March 31, 2016	March 31, 2015 (Proforma)
Service cost	35.23	40.63	39.94	37.84
Net interest (income)/expense	1.09	(0.28)	1.95	0.96
Net gratuity cost	**36.32**	**40.35**	**41.89**	**38.80**

(e) Expenses to be recognized in statement of other comprehensive income:

(₹ in Million)

Particulars	Period / Year ended			
	December 31, 2017	March 31, 2017	March 31, 2016	March 31, 2015 (Proforma)
Remeasurement				
Experience (Gain)/ Losses on plan liabilities	(1.50)	3.16	(7.66)	(10.47)
Financial (Gain)/ Losses on plan liabilities	10.10	1.27	0.23	21.53
(Return) / loss on plan assets excluding amounts recognised in interest (income)/expenses	-	0.37	(1.91)	-
(Gain)/loss from change in demographic assumptions	-	-	-	0.53
Experience (Gain)/ Losses on plan assets	(2.10)	0.18	0.11	2.23
(Gain)/loss from change in financial assumptions	0.00	17.76	0.02	(1.94)
Financial(Gain)/ Losses on plan assets	1.60			
	8.10	**22.74**	**(9.21)**	**11.88**

(f) Valuation in respect of gratuity has been carried out by independent actuary, as at the balance sheet date, based on the following assumptions:

Particulars	As at			
	December 31, 2017	March 31, 2017	March 31, 2016	March 31, 2015 (Proforma)
Discount rate	7.10%	7.20%	8.00%	8.00%
Salary growth rate	7.00%	7.00%	7.00%	7.50%
Weighted average duration of defined benefit obligation	13.01	12.15	12.04	13.88

32 Employee benefit obligation

The Group assesses the above assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government bonds.

Overseas Entities
Pension Plans

The group operates defined benefit pension plans in Mexico, Germany and Italy under broadly similar regulatory frameworks. All of the plans are salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on member's length of services and their salary in the final years leading up to retirement.

The group funds the liability as per legal requirements of respective countries. Plan assets are governed by local regulations and practice in each country, as is the nature of the relationship between the group and the trustees (or equivalent) and their composition.

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

(₹In Million)

	Particulars	As at			
		December 31, 2017	March 31, 2017	March 31, 2016	March 31, 2015 (Proforma)
(a)	**Change in present value of benefit obligations**				
	Liability at the beginning of the period/ year	845.04	903.34	819.40	709.69
	Service cost	46.79	62.56	59.42	47.69
	Interest expense	23.51	28.82	27.66	21.45
	Remeasurements - Actuarial (gains)/ losses (refer note (e) below)	(15.67)	0.19	(29.02)	160.12
	Benefits paid	(12.31)	(71.37)	(16.72)	1.30
	Effect of Foreign exchange rate	51.74	(78.50)	42.60	(105.86)
	Liability at the end of the period/ year	**939.10**	**845.04**	**903.34**	**834.39**
(b)	**Change in fair value of plan assets**				
	Fair value of plan assets at the beginning of the period/ year	395.08	432.62	371.32	390.85
	Interest income	9.88	12.40	12.97	17.90
	Remeasurements- Return on plan assets excluding amounts recognised in interest income (refer note (e) below)	(4.01)	(3.81)	(8.13)	18.38
	Contributions	26.76	53.54	46.25	9.61
	Benefits paid	(9.19)	(63.57)	(9.99)	(6.05)
	Effect of Foreign exchange rate	34.21	(36.10)	20.20	(52.81)
	Fair value of plan assets at the end of the period/ year	**452.73**	**395.08**	**432.62**	**377.88**

(c) The net liability disclosed above relates to funded plan is as follows:

(₹In Million)

Particulars	As at			
	December 31, 2017	March 31, 2017	March 31, 2016	March 31, 2015 (Proforma)
Present value of funded obligations	939.10	845.04	903.34	834.39
Fair value of plan assets	452.73	395.08	432.62	377.88
Deficit of funded plan	**486.37**	**449.96**	**470.72**	**456.51**

(d) Expenses to be recognized in the Statement of Profit and Loss under employee benefit expenses.

(₹In Million)

Particulars	Year ended			
	December 31, 2017	March 31, 2017	March 31, 2016	March 31, 2015 (Proforma)
Service cost	46.79	62.56	59.42	47.69
Net interest (income)/expense	13.63	16.42	14.69	3.55
Net gratuity cost	**60.42**	**78.98**	**74.11**	**51.24**

(e) Expenses to be recognized in statement of other comprehensive income: (₹In Million)

Particulars	Year ended			
	December 31, 2017	March 31, 2017	March 31, 2016	March 31, 2015 (Proforma)
Remeasurment				
Experience (Gain)/ Losses on plan liabilities	(24.23)	9.29	10.11	(32.16)
Financial (Gain)/ Losses on plan liabilities	(1.41)	12.31	9.21	193.90
(Return) / loss on plan assets excluding amounts recognised in interest (income)/expenses	3.97	2.74	8.11	-
(Gain)/loss from change in demographic assumptions	-	(12.70)	(11.93)	-
Experience (Gain)/ Losses on plan assets	0.03	1.05	(0.06)	(18.38)
(Gain)/loss from change in financial assumptions	10.65	(2.97)	(33.46)	-
	(10.99)	**9.72**	**(18.02)**	**143.36**

32 Employee benefit obligation

(f) Valuation in respect of above pension plan have been carried out by independent actuary, as at the balance sheet date, based on the following assumptions:

Particulars	**December 31, 2017**	**As at** **March 31, 2017**	**March 31, 2016**	**March 31, 2015 (Proforma)**
Discount rate	1.8% to 7.5%	2% to 7.2%	2% to 8%	0.85% - 8.25%
Salary growth rate	1% to 4%	2.75% to 7%	2.75% to 7%	0.2% to 7.57%
Weighted average duration of defined benefit obligation	9 to 20	12.15 to 22.07	12.04 to 22.07	8.47 to 37.04

As per actuary report, the group assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government bonds.

Quantitative sensitivity analysis for significant assumptions are as follows:

Change in Assumption	**December 31, 2017**	**March 31,2017**	**March 31,2016**	**March 31, 2015 (Proforma)**
Increase/(decrease) in present value of defined benefit obligation as at the end of the period/ year				
(i) 1% increase in discount rate	11.81%	11.77%	11.19%	10.89%
(ii) 1% decrease in discount rate	13.90%	14.20%	13.50%	13.09%
(iii) 1% increase in rate of salary escalation	11.72%	11.98%	11.27%	10.75%
(iv) 1% decreasing rate of salary escalation	10.50%	10.43%	9.83%	9.49%

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by 1%, keeping all other actuarial assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of reporting period) has been applied while calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Maturity profile of defined benefit obligation:

(₹ In Million)

	As at December 31, 2017	**As at March 31, 2017**	**As at March 31, 2016**	**March 31, 2015 (Proforma)**
Within 1 year	30.24	25.49	25.34	18.79
1-2 year	28.42	28.04	32.36	23.12
2-3 year	42.58	31.36	38.00	33.17
3-4 year	53.24	48.38	44.61	22.74
4-5 year	56.12	53.16	64.81	25.86
5-10 years	547.09	455.49	455.07	214.79

Risk Exposure And Asset Liability Matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed here under as companies take on uncertain long-term obligations to make future benefit payments.

1) **Liability Risks**

Asset-Liability Mismatch Risk-

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

Discount Rate Risk-

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

Future Salary Escalation and Inflation Risk -

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often resulting higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) **Asset Risks**

All plan assets related to Indian entities are maintained in a trust fund managed by a public sector insurer viz; LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

For overseas entities the group has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The group has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

33 Fair Value Measurement
Financial instruments by category

(₹ in Million)

	December 31, 2017			March 31, 2017			March 31, 2016			March 31, 2015 (Proforma)		
	FVPL	**FVOCI**	**Amortised cost**	**FVPL**	**FVOCI**	**Amortised cost**	**FVPL**	**FVOCI**	**Amortised cost**	**FVPL**	**FVOCI**	**Amortised cost**
Financial assets												
Investments												
- Equity instruments	0.14	-	-	0.14	-	-	0.14	-	-	0.14	-	-
- Debt instruments	3.21	-	-	-	-	-	-	-	-	-	-	-
- Mutual funds	220.13	-	-	-	-	-	119.40	-	-	223.16	-	-
- Government securities	-	-	0.06	-	-	0.06	-	-	0.06	-	-	0.06
Trade receivables	-	-	15,446.16	-	-	11,382.85	-	-	11,852.03	-	-	10,714.49
Loans	-	-	157.36	-	-	124.88	-	-	103.55	-	-	95.11
Cash and bank balances	-	-	1,992.98	-	-	3,678.70	-	-	1,771.27	-	-	697.14
Derivative financial assets	39.07	-	-	39.17	-	-	13.41	-	-	7.13	-	-
Unbilled receivables	-	-	2,720.38	-	-	3,586.57	-	-	2,172.33	-	-	1,560.25
Other financial assets	-	-	0.91	-	-	7.80	-	-	17.22	-	-	52.60
Total financial assets	262.55	-	20,317.85	39.31	-	18,780.86	132.95	-	15,916.46	230.43	-	13,119.65
										-	-	-
Financial liabilities										-	-	-
Borrowings	-	-	16,059.84	-	-	15,130.44	-	-	16,002.91	-	-	16,512.35
Derivative financial liabilities	-	65.42	-	-	60.59	-	-	38.91	-	23.59	-	-
Security deposits	-	-	40.89	-	-	34.67	-	-	27.77	-	-	21.40
Trade payables	-	-	15,716.12	-	-	15,062.02	-	-	12,166.60	-	-	9,828.97
Acceptances	-	-	400.01	-	-	434.92	-	-	524.10	-	-	464.26
Creditors for capital goods	-	-	915.23	-	-	1,355.16	-	-	1,265.88	-	-	838.33
Employee benefits payable	-	-	1,348.54	-	-	1,572.50	-	-	1,503.85	-	-	1,256.68
Other financial liabilities	-	-	286.10	-	-	173.93	-	-	284.37	-	-	265.31
Total financial liabilities	-	65.42	34,766.73	-	60.59	33,763.64	-	38.91	31,775.48	23.59	-	29,187.30

(i) **Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(₹ in Million)

Financial assets and liabilities measured at fair value - recurring fair value measurements at December 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets				
Equity instruments	-	0.14	-	0.14
Foreign exchange forward contracts	-	1.65	-	1.65
Foreign currency options	-	37.42	-	37.42
Investments - Mutual funds	220.13	-	-	220.13
Investments - Debt instruments	-	3.21		3.21
Investments- Government securities	0.06	-		0.06
Total financial assets	**220.19**	**42.42**	**-**	**262.61**
Financial Liabilities				
Principal and Interest rate swaps		65.42		65.42
Total financial liabilities	**-**	**65.42**	**-**	**65.42**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed At December 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Liabilities				
Borrowings	-	-	16,059.84	16,059.84
Total financial liabilities			**16,059.84**	**16,059.84**

Financial assets and liabilities measured at fair value - recurring fair value measurements at March 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets				
Equity instruments	-	0.14	-	0.14
Foreign exchange forward contracts	-	4.70	-	4.70
Foreign currency options	-	34.47	-	34.47
Investments- Government securities	0.06	-	-	0.06
Total financial assets	**0.06**	**39.31**	**-**	**39.37**
Financial Liabilities				
Principal and Interest rate swaps	-	60.59	-	60.59
Total financial liabilities	**-**	**60.59**	**-**	**60.59**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed At March 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Liabilities				
Borrowings	-	-	15,130.44	15130.44
Total financial liabilities	**-**	**-**	**15,130.44**	**15,130.44**

Financial assets and liabilities measured at fair value - recurring fair value measurements At March 31, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets				
Mutual funds - Growth plan	119.40	-	-	119.40
Equity instruments	-	0.14	-	0.14
Foreign currency options	-	13.41	-	13.41
Investments- Government securities	0.06	-	-	0.06
Total financial assets	**119.40**	**13.55**	**-**	**132.95**
Financial Liabilities				
Principal and Interest rate swaps	-	38.91	-	38.91
Total financial liabilities	**-**	**38.91**	**-**	**38.91**

33 Fair Value Measurement

Financial instruments by category

(₹ in Million)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed At March 31, 2016	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Borrowings	-	-	16,002.91	16,002.91
Total financial liabilities	**-**	**-**	**16,002.91**	**16,002.91**

Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2015 (Proforma)	Level 1	Level 2	Level 3	Total
Financial Assets				
Mutual funds - Growth plan	223.16	-	-	223.16
Equity instruments	-	0.14	-	0.14
Foreign exchange forward contracts	-	7.13	-	7.13
Investments- Government securities	0.06	-	-	-
Total financial assets	**223.16**	**7.27**	**-**	**230.43**
Financial Liabilities	-	-	-	-
Foreign exchange forward contracts	-	4.59	-	4.59
Principal and Interest rate swaps	-	19.00	-	19.00
Total financial liabilities	**-**	**23.59**	**-**	**23.59**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed as at March 31 ,2015 (Proforma)	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Borrowings	-	-	16,512.35	16,512.35
Total financial liabilities	**-**	**-**	**16,512.35**	**16,512.35**

Commentary

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market are determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(ii) **Valuation technique used to determine fair value**

The following methods and assumptions were used to estimate the fair value of the level 2 financial instruments included in the above tables:

- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- the fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date.
- the fair value of foreign currency option contracts is determined using the Black Scholes valuation model.

Commentary

The carrying amounts of trade receivables, unbilled receivables, loans, security deposits, trade payables, acceptances, capital creditors and cash and bank balances are considered to be the same as their fair values, due to their short-term nature. The fair value of non-current financial assets and non-current liabilities also approximates its carrying value.

The fair values for loans, security deposits and investment in government securities were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

34 Financial risk management

The group activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The group primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the group is foreign exchange risk. The group uses derivative financial instruments - foreign currency forward contracts to mitigate foreign exchange related risk exposures. The group exposure to credit risk, excluding receivables from related parties, is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The demographics of the customer including the default risk of the industry and country in which the customer operates also has an influence on credit risk assessment.

A] Market Risk

a] Foreign currency risk

The group operates internationally and portion of the business is transacted in several currencies and consequently the group is exposed to foreign exchange risk through its sale and purchase of goods and services in the United State and Europe and elsewhere, and borrowings in various foreign currencies. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the group operations are affected positively/adversely as the rupee appreciates /depreciates against these currencies. The group evaluates exchange rate exposure arising from these transactions and enters into foreign exchange forward contracts, interest and principle swaps and options to mitigate the risk of changes in exchange rates on foreign currency exposures. The group follows established risk management policies, to hedge forecasted cash flows denominated in foreign currency. The group has designated certain derivative instruments as cash flow hedges to mitigate the foreign exchange exposure of forecasted highly probable cash flows.

(₹ in Million)

aa The group exposure to foreign currency risk as of December 31, 2017 expressed in INR, is as follows:

	December 31, 2017				
	USD	**EURO**	**JPY**	**Other currencies INR Value**	**Total**
Financial assets					
Trade receivables	424.33	6,824.07	-	35.02	7,283.42
Other assets	177.79	4,642.11	1.84	23.76	4,845.49
Financial liabilities					
Borrowings	1,323.98	5,205.80	152.52	-	6,682.30
Trade payables	387.93	6,542.63	27.29	452.78	7,410.62
Other liabilities	17.79	1,382.11	-	179.59	1,579.49
Net assets / (liabilities)	**(1,127.58)**	**(1,664.36)**	**(177.97)**	**(573.59)**	**(3,543.50)**

ab The group exposure to foreign currency risk as of March 31, 2017 expressed in INR, is as follows: **(₹ in Million)**

	March 31, 2017				
	USD	**EURO**	**JPY**	**Other currencies INR Value**	**Total**
Financial assets					
Trade receivables	472.08	2,522.93	0.37	0.14	2,995.52
Interest receivable	-	67.25	-	-	67.25
Other assets	74.02	3,864.74	4.04	1.10	3,943.90
Financial liabilities					
Borrowings	1,440.85	5,727.93	134.51	-	7,303.29
Trade payables	287.07	4,389.66	37.38	102.41	4,816.52
Other liabilities	186.34	1,170.76	40.32	271.67	1,669.09
Net assets / (liabilities)	**(1,368.16)**	**(4,833.43)**	**(207.80)**	**(372.84)**	**(6,782.23)**

ac The group's exposure to foreign currency risk as of March 31, 2016 expressed in INR, is as follows: **(₹ in Million)**

	March 31, 2016				
	USD	**EURO**	**JPY**	**Other currencies INR Value**	**Total**
Financial assets					
Trade receivables	354.01	3,099.88	-	-	3,453.89
Interest receivable	-	72.88	-	-	72.88
Other assets	1,373.75	1,999.34	2.20	3.41	3,378.70
Financial liabilities					
Borrowings	3,154.61	3,356.25	185.11	-	6,695.97
Trade payables	334.44	3,395.34	67.74	130.65	3,928.17
Other liabilities	242.85	913.78	15.35	334.56	1,506.54
Net assets / (liabilities)	**(2,004.14)**	**(2,493.27)**	**(266.00)**	**(461.80)**	**(5,225.21)**

ad The group's exposure to foreign currency risk as of March 31, 2015(Proforma) expressed in INR, is as follows:

(₹ in Million)

	March 31, 2015 (Proforma)				
	USD	**EURO**	**JPY**	**Other currencies INR Value**	**Total**
Financial assets					
Trade receivables	369.02	2,881.35	-	0.43	3,250.79
Loans and interest receivable	1,972.73	293.06	-	-	2,265.80
Other assets	48.19	40.81	0.07	2.57	91.64
Financial liabilities					
Borrowings	1,340.47	2,726.81	206.59	-	4,273.87
Trade payables	437.21	2,118.49	47.24	122.78	2,725.72
Other liabilities	147.41	532.66	-	309.24	989.30
Net assets / (liabilities)	**464.85**	**(2,162.74)**	**(253.76)**	**(429.02)**	**(2,380.66)**

ae **Sensitivity**

For the period/year ended December 31, 2017, March 31, 2017 and March 31, 2016 March 31, 2015(Proforma) every percentage point appreciation/depreciation in the exchange rate between the Indian rupee and U.S. Dollar has affected the group's incremental operating margins by approximately ₹ 11.28 million, ₹ 13.68 million, ₹20.00 million and ₹ 4.65 million, respectively, and Euro by approximately ₹ 16.64 million, ₹ 48.33 million ₹24.93 million and ₹ 21.63 million, respectively.

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

b) 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 change in market interest rates. The group's exposure to the risk of changes in market interest rates relates primarily to the group's long term debt obligations with floating interest rates.

Interest rate sensitivity

The sensitivity analysis below have been determined based on exposure to interest rate. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. With all other variables held constant, the group profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ in Million)

For the period ended	Currency	Increase/ decrease in basis points	Effect on profit before tax	Variable rate Cash Credit and Term loans balances
December 31, 2017	INR	+100	(107.49)	10,749.32
December 31, 2017	INR	-100	107.49	10,749.32
March 31, 2017	INR	+100	(108.20)	10,818.90
March 31, 2017	INR	-100	108.20	10,818.90
March 31, 2016	INR	+100	(96.30)	9,629.20
March 31, 2016	INR	-100	96.30	9,629.20
March 31, 2015 (Proforma)	INR	+100	(6.64)	6,644.23
March 31, 2015 (Proforma)	INR	-100	6.64	6,644.23

B] **Credit Risk Management**

Credit risk arises when a customer or counterparty does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing/ investing activities, including deposits with banks. The group has 7 major customers which represents 78% of receivables. The group is receiving payments from these parties within due dates. Hence, the group has no significant credit risk related to these parties.

Trade receivables

Customer credit risk is managed by the group established policy, procedures and control relating to customer credit risk management. Further, group customers includes marquee OEMs and Tier I companies, having long standing relationship with the group. Outstanding customer receivables are regularly monitored and reconciled. At December 31, 2017 receivable from group top 7 customers accounted for approximately 78%, (March 31, 2017: 80%, March 31, 2016: 69%, March 31, 2015 76%) of all the receivables outstanding. An impairment analysis is performed at each reporting date on an individual basis based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables disclosed in Annexure XI. The group does not hold collateral as security. The group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

34 Financial risk management

C] Liquidity risk

Liquidity risk is defined as the risk that the group will not be able to settle or meet its obligations on time or at a reasonable price. The group's corporate treasury department is responsible for liquidity and funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the group's net liquidity position through rolling forecasts on the basis of expected cash flows. As of December 31, 2017, cash and cash equivalents are held with major banks.

Maturities of financial liabilities

The table below summarises the maturity profile of the group's financial liabilities based on contractual payments.

(₹ in Million)

December 31, 2017	On demand	< 1 year	1 to 5 years	> 5 years
Non- derivative				
Borrowings	145.99	9,159.56	6,754.29	-
Contractual Obligation Of Interest	-	340.19	523.36	-
Trade Payables	-	15,716.12	-	-
Acceptances	-	400.01	-	-
Other financial liabilities	35.37	2,549.87	5.52	-
Derivatives	-	65.42	-	-

March 31, 2017	On demand	< 1 year	1 to 5 years	> 5 years
Non- derivative				
Borrowings	447.06	7,130.67	7,552.71	-
Trade Payables	-	15,062.02	-	-
Acceptances	-	434.92	-	-
Other financial liabilities	29.51	3,101.59	5.96	-
Derivatives	-	60.59	-	-

March 31, 2016	On demand	< 1 year	1 to 5 years	> 5 years
Non- derivative				
Borrowings	517.52	7,851.50	7,627.78	6.11
Trade Payables	-	12,166.60	-	-
Acceptances	-	524.10	-	-
Other financial liabilities	23.09	3,052.80	5.98	-
Derivatives	-	38.91	-	-

March 31, 2015 (Proforma)	On demand	< 1 year	1 to 5 years	> 5 years
Non- derivative				
Borrowings	455.36	5,825.51	10,209.28	22.20
Trade Payables	-	9,828.97	-	-
Acceptances	-	464.26	-	-
Other financial liabilities	17.20	2,358.52	6.00	-
Derivatives	-	23.59	-	-

- The amount disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

35 Capital Management

(a) Risk management

The group's capital comprises equity share capital, preference share capital, security premium, retained earnings and other equity attributable to share holder's.

The group's objectives when managing capital are to:
- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares .

The group monitors capital gearing ratio, which is net debt divided by total capital. Net debt comprises of long term and short term borrowings less cash and bank balances, equity includes equity share capital, preference share capital, reserves and equity component of compound financial instrument that are managed as capital. The gearing at the end of the reporting period was as follows.

The group's strategy is to maintain a gearing ratio of 1:1

(₹ in Million)

	As at December 31, 2017	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015 (Proforma)**
Net debt	14,202.30	11,589.90	14,232.11	15,822.02
Total Equity*	26,122.71	21,853.75	17,628.77	10,824.89
Net debt to equity ratio	0.54	0.53	0.81	1.46

* Total equity does not include share of non controlling interest.

No changes were made in the objectives, policies or processes for managing capital of the group during the period/ year.

(i) Loan covenant

The group capital management aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There are no financial covenants of any interest-bearing loans and borrowing which are based on the Group's consolidated financials.

(₹ in Million)

(b) Dividends	**As at December 31, 2017**	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015 (Proforma)**
(i) Equity Shares				
Interim dividend for the period ended December 31, 2017 Nil(March 31, 2017 of ₹3.50, March, 31 2016 - ₹ 3.50 and March 31, 2015 ₹ 3.03 per fully paid share)	-	37.04	37.04	30.34

(Dividend includes dividend paid of ₹ Nil for period ended December 31, 2017, ₹ Nil for the year ended March 31, 2017, ₹ 3.6 million for March 31, 2016 and ₹ Nil for March 31, 2015) to Series "A" CCPS holders as per the share Subscription agreement dated 24-01-2014 entered into between the Company, promoters and PE investors based on the participating dividend rights.

36 Impact of hedging activities

(a) Disclosure of effects of hedge accounting on financial position

December 31, 2017 **(₹ in Million)**

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date	Hedge ratio	Weighted average strike price/rate	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities					
Cash flow hedge									
Principle and interest rate swaps		466.84	-	55.08	June 4, 2018 - March 4, 2021	1:1	₹ 68.75	(2.97)	2.97
Principle and interest rate swaps		144.57	-	10.34	August 18, 2018 - May 20, 2021	1:1	₹ 66.60	(1.84)	1.84

March 31, 2017 **(₹ in Million)**

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date	Hedge ratio	Weighted average strike price/rate	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities					
Cash flow hedge									
Principle and interest rate swaps		472.87		52.11	June 4, 2018 - March 4, 2021	1:1	₹ 68.75	(13.31)	13.31
Principle and interest rate swaps		146.40		8.50	August 18, 2018 - May 20, 2021	1:1	₹ 66.60	(8.50)	8.50

March 31, 2016 **(₹ in Million)**

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date	Hedge ratio	Weighted average strike price/rate	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities					
Cash flow hedge									
Principle and interest rate swaps		483.93		38.80	June 4, 2018 - March 4, 2021	1:1	₹ 68.75	(38.80)	38.80

Movement in cash flow hedging reserve **(₹ in Million)**

	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
Cash flow hedge				
Balance at the beginning of the period/ year	(8.94)	(9.30)	-	-
Gain / Loss on changes in fair value of hedging instrument	(4.81)	(21.81)	(38.80)	-
Income tax relating to gains/loss reclassified to profit and loss	1.66	7.56	13.40	-
Reclassification to Statement of Profit and Loss	7.91	14.61	16.10	-
Balance at the end of the period/ year	**(4.18)**	**(8.94)**	**(9.30)**	**-**

37 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM), which is the Board of Directors.
The group has disclosed business segment as the primary segment, Automotive segment consists of the business of automobile products consisting of auto parts for two-wheelers, three-wheelers and four-wheelers and related design, development and engineering activities and other services. Others primarily includes forging components for off road vehicles and components for mining and oil drilling industry."

(a) Primary segment: Business segments **(₹ in Million)**

Sr. No	Particulars	For nine months ended December 31, 2017			For the year ended March 31 2017			For the year ended March 31 2016			For the year ended March 31 2015 (Proforma)		
		Automotive	Others	Total	Automotive	Others	Total	Automotive	Others	Total	Automotive	Others	Total
	Segment revenue												
1	Revenue from operations (external)	72,051.90	1,887.11	73,939.01	94,274.50	1,810.90	96,085.40	80,277.79	1,911.21	82,189.00	66,896.68	2,611.02	69,507.70
	Total revenue	72,051.90	1,887.11	73,939.01	94,274.50	1,810.90	96,085.40	80,277.79	1,911.21	82,189.00	66,896.68	2,611.02	69,507.70
2	Segment results	3,643.09	70.96	3,714.05	2,527.88	(81.16)	2,446.72	3,033.71	(229.44)	2,804.10	3,574.41	54.65	3,629.06
		3,643.09	70.96	3,714.05	2,527.88	(81.16)	2,446.72	3,033.71	(229.44)	2,804.10	3,574.41	54.65	3,629.06
3(i)	Other income (net of unallocated expenses)			40.88			937.29			189.11			876.94
3(ii)	Finance costs			614.88			903.96			(426.51)			4,754.78
	Profit before tax and exceptional item			3,140.05			2,480.05			3,419.71			(248.78)
3(iii)	Exceptional items (refer note 29)			-			-			-			517.51
3(iv)	Share of net profit of associates and joint ventures accounted for using the equity method			532.29			791.88			498.26			364.78
4	Profit before tax			3,672.34			3,271.93			3,917.97			633.51
5	Tax expenses			592.75			238.04			219.74			465.42
6	Profit after tax but before Non controlling interest			3,079.59			3,033.89			3,698.23			168.09
7	Non controlling interest			0.39			3.79			4.64			38.52
8	Profit after tax			3,079.20			3,030.10			3,693.59			129.57
9	Segment assets	57,696.35	2,370.24	60,066.59	52,931.18	2,015.80	54,946.98	46,956.39	2,203.38	49,159.77	39,293.61	2,261.81	41,555.43
	Unallocated assets			5,038.82			3,656.82			3,298.78			2,729.25
	Total Assets			65,105.41			58,603.80			52,458.55			44,284.68
10	Segment liabilities	21,111.82	910.05	22,021.87	20,553.38	692.09	21,245.47	17,323.46	2,902.97	20,226.43	19,167.41	2,556.00	21,723.41
	Unallocated Liabilities			16,758.63			15,302.99			14,400.54			11,521.92
	Total Liabilities			38,780.50			36,548.46			34,626.97			33,245.33
11	Other Information												
	Cost to acquire fixed assets (including on acquisition of business)			4,027.34			6,716.58			5,050.05			8,269.70
	Depreciation and amortization			2,792.92			3,370.83			2,922.45			2,539.73

(b) Secondary Segment - Geographical segments

Segment revenue by geographical area based on geographical location of customers: **(₹ in Million)**

Sr. No	Particulars	For nine months ended December 31, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)
	Revenue within :				
1	India	26,416.66	31,434.32	30,912.15	21,015.29
2	Asia Pacific	477.59	577.37	559.49	489.63
3	Europe	29,413.99	35,132.60	28,296.31	32,181.44
4	United States	12,589.88	19,598.80	16,086.93	13,632.31
5	Others	5,040.89	9,342.31	6,334.12	2,189.03
	Total	**73,939.01**	**96,085.40**	**82,189.00**	**69,507.70**

Carrying amount of segment assets **(₹ in Million)**

Sr. No	Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
1	India	23,689.46	21,822.83	21,109.63	19,417.74
2	Asia Pacific	420.94	351.31	236.80	247.00
3	Europe	25,927.18	14,608.96	15,103.18	6,960.60
4	United States	2,873.11	4,965.43	3,831.21	4,433.60
5	Others	7,155.90	13,198.45	8,878.95	10,496.49
	Total	**60,066.59**	**54,946.98**	**49,159.77**	**41,555.43**

38 A Interests in Subsidiaries

Subsidiaries

The subsidiaries at December 31, 2017 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the company, and the proportion of ownership interests held equals the voting rights held by the Company. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group				Ownership interest held by non-controlling interests			
		December 31,2017	March 31,2017	March 31,2016	March 31,2015 (Proforma)	December 31,2017	March 31,2017	March 31,2016	March 31,2015 (Proforma)
Direct Subsidiaries									
Varroc Polymers Private Limited (refer note 49)	India	100%	100%	100%	100%	-	-	-	-
Durovalves India Private Limited	India	72.78%	72.78%	72.78%	72.78%	27.22%	27.22%	27.22%	27.22%
Varroc Exhaust Systems Private Limited *	India	-	-	-	100%	-	-	-	-
Varroc Lighting Systems (India) Private Limited	India	100%	100%	100%	100%	-	-	-	-
Varroc European Holding B.V.	Netherlands	100%	100%	100%	100%	-	-	-	-
Aries Mentor Holding B.V.	Netherlands	100%	100%	100%	100%	-	-	-	-
Varroc Corp Holding B.V.	Netherlands	100%	100%	100%	100%	-	-	-	-
Varroc Japan Company Limited	Japan	100%	100%	-	-	-	-	-	-
Step down subsidiaries									
Team Concepts Private Limited (refer note 46)	India	90%	-	-	-	10%	-	-	-
Industrial Meccanica E Stampaggio S.p.a.	Italy	100%	100%	100%	100%	-	-	-	-
Esex Forging SRL (refer note 47)	Italy	-	-	100%	100%	-	-	-	-
TRI.O.M., S.p.A.	Italy	80%	80%	80%	80%	20%	20%	20%	20%
Triom Vietnam Company Limited	Vietnam	80%	80%	80%	80%	20%	20%	20%	20%
Electromures SA	Romania	80%	80%	80%	80%	20%	20%	20%	20%
TRI.O.M. Mexico SA De. C.V.	Mexico	80%	80%	80%	-	20%	20%	20%	-
Varroc Lighting Systems SRO	Czech Republic	99.99%	99.99%	99.99%	99.99%	-	-	-	-
Varroc Lighting Systems Inc.	USA	99.99%	99.99%	99.99%	99.99%	-	-	-	-
Varroc Lighting Systems GmBH.	Germany	99.99%	99.99%	99.99%	99.99%	-	-	-	-
Varroc Lighting Systems S.de.R.L. De. C.V.	Mexico	100%	100%	100%	100%	-	-	-	-
Varroc Elastomers Private Limited(until March 15, 2017) (refer note 47)	India	-	-	51%	51%			49%	49%
Varroc Lighting Systems S.A., Morocco	Morocco	99.87%	-	-	-	0.13%	-	-	-
Varroc Do Brasil Comércio, Importação E Exportação De Máquinas, Equipamento E Peças Ltda.	Brazil	100%	-	-	-	-	-	-	-
Varroc Lighting Systems sp. Z o.o.	Poland	100%	-	-	-	-	-	-	-
Industrial Meccanica E Stampaggio S.p.zoo **	Poland	-	-	-	-	-	-	-	-

Principal activities

All the group companies are primarily engaged in the business of auto components and services in the automotive industry to Indian and global customers.

* Merged with the Company, w.e.f from Janauray 30, 2015

** Ceased to be subsidiary w.e.f from January 30, 2015

38 B Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements

For nine months period ended December 31, 2017 **(₹ in Million)**

Sr. no.	Name of the entity in the group	Restated Net assets		Restated Share in profit or loss		Restated Share in other comprehensive income		Restated Share in total comprehensive income	
		as % of consolidated net assets	Amount	as % of consolidated profit or loss	Amount	as % of consolidated other comprehensive income	Amount	as % of consolidated total comprehensive income	Amount
	Parent								
	Varroc Engineering Limited	38.0%	10,000.30	17.0%	524.32	0.3%	3.56	12.4%	527.88
	Indian Subsidiaries								
1	Varroc Polymers Private Limited	16.8%	4,432.52	9.2%	281.99	-325.8%	(3,876.33)	-84.2%	(3,594.34)
2	Durovalves India Private Limited	2.7%	720.72	0.0%	0.81	0.0%	0.00	0.0%	0.81
3	Varroc Lighting Systems (India) Private Limited	1.8%	482.15	1.9%	58.14	-0.3%	(4.16)	1.3%	53.98
4	Team Concepts Private Limited	0.7%	187.73	0.1%	3.11	0.0%	-	0.1%	3.11
	Foreign Subsidiaries								
1	Varroc Corp Holding B.V.	12.7%	3,334.81	6.3%	194.28	0.0%	-	4.6%	194.28
2	Varroc Lighting Systems S.R.O.	43.6%	11,472.04	37.2%	1,146.83	0.0%	-	26.9%	1,146.83
3	Varroc Lighting Systems S.de.R.L.de.C.V.	-2.2%	(566.11)	2.9%	89.83	0.9%	10.15	2.3%	99.98
4	Varroc Lighting Systems INC	10.5%	2,768.54	16.6%	510.13	0.0%	-	11.9%	510.13
5	Varroc Lighting Systems GmBH	-0.4%	(117.84)	0.7%	20.22	0.1%	1.48	0.5%	21.71
6	Varroc European Holding B.V.	-3.0%	(784.41)	-0.4%	(12.68)	0.0%	-	-0.3%	(12.68)
7	Industria Meccanica e Stampaggio S.p.A.	-0.4%	(93.68)	0.4%	13.03	-0.1%	(1.44)	0.3%	11.59
8	Aries Mentor Holding BV	1.5%	399.56	-0.3%	(8.47)	0.0%	-	-0.2%	(8.47)
9	TRI.O.M. S.p.A.	2.6%	697.41	0.4%	10.81	0.0%	-	0.3%	10.81
10	Electromures SA,	0.7%	181.84	0.3%	9.88	0.0%	-	0.2%	9.88
11	Triom Vietnam Company Limited	0.5%	119.05	-0.1%	(4.24)	0.0%	-	-0.1%	(4.24)
12	Triom Mexico SA DE CV	0.0%	0.03	0.0%	-	0.0%	-	0.0%	-
13	Varroc Japan Co. Ltd	0.0%	2.13	0.1%	2.16	0.0%	-	0.1%	2.16
14	Varroc Lighting Systems S.A., Morocco	0.1%	18.27	-0.9%	(26.26)	0.0%	-	-0.6%	(26.26)
15	Varroc Do Brasil Comércio, Importação E Exportação De Máquinas, Equipamento E Peças Ltda.	1.1%	276.80	-0.4%	(10.82)	0.0%	-	-0.3%	(10.82)
16	Varroc Lighting Systems sp. Z o.o.	0.0%	-	0.0%	-	0.0%	-	0.0%	-
	Joint Venture								
	(Investment as per equity method)								
1	Varroc TYC Corporation BVI	11.9%	3,128.00	16.9%	520.93	0.0%	-	12.2%	520.93
2	Nuova CTS S.r.l	0.4%	97.83	0.4%	12.00	0.0%	-	0.3%	12.00
	Non-controlling interests in subsidiaries	0.8%	202.20	0.0%	0.39	0.0%	-	0.0%	0.39
	Subtotal		36,959.88		3,336.40		(3,866.74)		(530.34)
	Adjustment arising out of consolidation	-40.4%	(10,634.97)	-8.3%	(256.80)	425.0%	5,056.50	112.4%	4,799.69
	Total	100%	26,324.91	100%	3,079.59	100%	1,189.76	100%	4,269.35

38 C Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements

For the year ended March 31, 2017 **(₹ in Million)**

Sr. no.	Name of the entity in the group	Restated Net assets		Restated Share in profit or loss		Restated Share in other comprehensive income		Restated Share in total comprehensive income	
		as % of consolidated net assets	Amount	as % of consolidated profit or loss	Amount	as % of consolidated other comprehensive income	Amount	as % of consolidated total comprehensive income	Amount
	Parent								
	Varroc Engineering Limited	42.9%	9,472.42	13.8%	420.04	2.6%	(22.23)	18.3%	397.81
	Indian Subsidiaries								
1	Varroc Polymers Private Limited	36.4%	8,035.40	9.5%	288.20	-102.5%	883.78	54.0%	1,171.98
2	Durovalves India Private Limited	3.3%	719.91	0.5%	13.72	0.3%	(2.36)	0.5%	11.37
3	Varroc Lighting Systems (India) Private Limited	1.9%	428.27	6.2%	186.68	0.3%	(2.29)	8.5%	184.39
	Foreign Subsidiaries								
1	VarrocCorp Holding B.V.	12.8%	2,833.63	7.1%	214.49	0.0%	-	9.9%	214.49
2	Varroc Lighting Systems S.R.O.	39.7%	8,766.06	75.1%	2,277.52	0.0%	-	104.9%	2,277.52
3	Varroc Lighting Systems S.de.R.L.de.C.V.	-4.3%	(939.98)	-18.1%	(548.80)	-0.6%	5.00	-25.0%	-543.80
4	Varroc Lighting Systems INC	10.5%	2,313.78	-12.4%	(376.67)	0.0%	-	-17.3%	-376.67
5	Varroc Lighting Systems GmBH	-0.6%	(126.53)	1.2%	36.37	-0.8%	6.71	2.0%	43.08
6	Varroc European Holding B.V.	-3.2%	(697.06)	-11.5%	(350.06)	0.0%	-	-16.1%	-350.06
7	Industria Meccanica e Stampaggio S.p.A.	0.6%	132.22	-6.9%	(207.84)	1.9%	(16.45)	-10.3%	-224.29
8	Aries Mentor Holding BV	1.7%	368.84	-0.8%	(22.76)	0.0%	-	-1.0%	-22.76
9	TRI.O.M. S.p.A.	2.8%	620.41	0.2%	5.23	0.6%	(5.00)	0.0%	0.24
10	Electromures SA,	0.7%	159.85	0.1%	3.32	0.0%	-	0.2%	3.32
11	Triom Vietnam Company Limited	0.6%	124.68	0.3%	7.74	0.0%	-	0.4%	7.74
12	Triom Mexico SA DE CV	0.0%	0.03	0.0%	-	0.0%	-	0.0%	-
13	Esex Forging s.r.l. (under liquidation)	0.0%	-	0.4%	12.11	0.0%	-	0.6%	12.11
14	Varroc Japan Co Ltd	0.0%	2.12	0.1%	2.15	0.0%	-	0.1%	2.15
15	Varroc Exhaust Systems Private Limited	0.5%	104.92	0.3%	10.50	0.0%	-		10.50
	Joint Venture								
	(Investment as per equity method)								
1	Varroc TYC Corporation BVI	12.9%	2,842.91	25.7%	780.51	0.0%	-	35.9%	780.51
2	Nuova CTS S.r.l	0.4%	84.16	0.1%	1.74	0.0%	-	0.1%	1.74
3	Varroc Elastomers Private Limited	0.0%	-	0.3%	9.71	0.0%	-	0.4%	9.71
	Non-controlling interests in subsidiaries	0.9%	201.60	0.1%	3.80	-0.1%	0.6	0.2%	4.40
	Subtotal		35,447.64		2,767.70		847.78		3,615.48
	Adjustment arising out of consolidation	-61.9%	(13,654.62)	3.1%	94.44	197%	(1,699.21)	-74%	(1,604.78)
	Restatement adjustments	1.2%	262.32	5.7%	171.76	1.2%	(10.42)	7%	161.34
	Total	100%	22,055.34	100%	3,033.89	100%	(861.85)	100%	2,172.04

38 D Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements
For the year ended March 31, 2016 **(₹ in Million)**

Sr. no.	Name of the entity in the group	Restated Net assets		Restated Share in profit or loss		Restated Share in other comprehensive income		Restated Share in total comprehensive income	
		as % of consolidated net assets	Amount	as % of consolidated profit or loss	Amount	as % of consolidated other comprehensive income	Amount	as % of consolidated total comprehensive income	Amount
	Parent								
	Varroc Engineering Limited	39.3%	7,002.99	38.7%	1,432.18	-2.6%	(23.12)	30.7%	1,409.06
	Indian Subsidiaries								
1	Varroc Polymers Private Limited	38.5%	6,870.81	12.2%	451.67	-178.2%	(1,595.45)	-24.9%	(1,143.78)
2	Durovalves India Private Limited	4.1%	726.75	0.5%	18.08	0.2%	1.72	0.4%	19.80
3	Varroc Lighting Systems (India) Private Limited	1.4%	243.88	0.2%	8.17	-0.1%	(0.89)	0.2%	7.28
	Foreign Subsidiaries								
1	VarrocCorp Holding B.V.	16.0%	2,854.34	3.7%	135.93	0.0%	-	3.0%	135.93
2	Varroc Lighting Systems S.R.O.	40.3%	7,193.72	35.7%	1,320.49	0.0%	-	28.7%	1,320.49
3	Varroc Lighting Systems S.de.R.L.de.C.V.	-2.4%	(419.83)	-6.5%	(239.54)	-0.7%	(5.89)	-5.3%	(245.43)
4	Varroc Lighting Systems INC	15.3%	2,733.00	17.7%	655.39	0.0%	-	14.3%	655.39
5	Varroc Lighting Systems GmBH	-1.0%	(180.60)	0.1%	3.41	3.8%	34.34	0.8%	37.75
6	Varroc European Holding B.V.	-2.3%	(402.00)	-4.5%	(166.70)	0.0%	-	-3.6%	(166.70)
7	Industria Meccanica e Stampaggio S.p.A.	0.2%	36.05	-6.9%	(254.81)	-1.8%	(16.55)	-5.9%	(271.36)
8	Aries Mentor Holding BV	2.4%	422.56	-0.7%	(26.51)	0.0%	-	-0.6%	(26.51)
9	TRI.O.M. S.p.A.	3.7%	667.04	-0.1%	(1.88)	-0.6%	(5.66)	-0.2%	(7.54)
10	Electromures SA,	1.0%	173.03	-0.5%	(17.53)	0.0%	-	-0.4%	(17.53)
11	Triom Vietnam Company Limited	0.7%	121.32	0.6%	20.46	0.0%	-	0.4%	20.46
12	Triom Mexico SA DE CV	0.0%	0.04	0.0%	-	0.0%	-	0.0%	-
13	Esex Forging s.r.l. (under liquidation)	-0.1%	(24.94)	0.0%	-	0.0%	-	0.0%	-
	Joint Venture								
	(Investment as per equity method)								
1	Varroc TYC Corporation BVI	14.0%	2,494.59	13%	488.50	0.0%	-	0.11	488.50
2	Nuova CTS S.r.l	0.5%	89.45	0.0%	0.96	0.0%	-	0.0%	0.96
3	Varroc Elastomers Private Limited	0.3%	59.09	0.2%	8.81	0.0%	-	0.2%	8.81
	Non-controlling interests in subsidiaries	1.1%	202.80	0.1%	4.60	-0.1%	-0.5	0.1%	4.10
	Subtotal		30,864.09		3,841.68		(1,612.00)		2,229.68
	Adjustment arising out of consolidation	-73.7%	(13,133.44)	-0.6%	(21.50)	280.1%	2,507.24	54.0%	2,481.64
	Restatment adjustments	0.6%	100.93	-3.3%	(121.95)	0.0%	-	-2.7%	(121.95)
	Total	100%	17,831.58	100%	3,698.23	100%	895.24	100%	4,593.47

38 E Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements
For the year ended March 31, 2015 (Proforma) **(₹ in Million)**

Sr. no.	Name of the entity in the group	Restated Net assets		Restated Share in profit or loss		Restated Share in other comprehensive income		Restated Share in total comprehensive income	
		as % of consolidated net assets	Amount	as % of consolidated profit or loss	Amount	as % of consolidated other comprehensive income	Amount	as % of consolidated total comprehensive income	Amount
	Parent								
	Varroc Engineering Limited	26.7%	2,946.50	-2017.8%	(3,391.79)	0.6%	(5.37)	429.8%	(3,397.16)
	Indian Subsidiaries								
1	Varroc Polymers Private Limited	72.6%	8,019.81	97.5%	163.96	0.1%	(1.11)	-20.6%	162.85
2	Durovalves India Private Limited	7.0%	775.10	83.5%	140.40	0.1%	(1.34)	-17.6%	139.06
3	Varroc Lighting Systems (India) Private Limited	2.1%	236.61	-142.9%	(240.22)	0.1%	(0.58)	30.5%	(240.80)
	Foreign Subsidiaries								
1	VarrocCorp Holding B.V.	22.1%	2,443.46	-2.4%	(3.99)	0.0%	-	0.5%	(3.99)
2	Varroc Lighting Systems S.R.O.	47.8%	5,280.90	1227.4%	2,063.18	0.0%	-	-261.0%	2,063.18
3	Varroc Lighting Systems S.de.R.L.de.C.V.	0.2%	23.23	293.3%	493.00	-4.5%	43.00	-67.8%	536.00
4	Varroc Lighting Systems INC	5.5%	611.02	51.2%	86.00	0.0%	-	-10.9%	86.00
5	Varroc Lighting Systems GmBH	-1.8%	(197.51)	2.0%	3.36	8.2%	(78.23)	9.5%	(74.87)
6	Varroc European Holding B.V.	12.5%	1,374.72	1.7%	2.93	0.0%	-	-0.4%	2.93
7	Industria Meccanica e Stampaggio S.p.A.	-0.8%	(83.79)	357.9%	601.61	0.9%	(8.58)	-75.0%	593.03
8	Aries Mentor Holding BV	6.1%	678.05	-2.3%	(3.94)	0.0%	-	0.5%	(3.94)
9	TRI.O.M. S.p.A.	5.4%	597.10	-9.9%	(16.59)	0.9%	(8.31)	3.1%	(24.90)
10	Electromures SA,	1.6%	174.52	-11.2%	(18.82)	0.0%	-	2.4%	(18.82)
11	Triom Vietnam Company Limited	0.9%	96.70	26.9%	45.14	0.0%	-	-5.7%	45.14
12	Triom Mexico SA DE CV	0.0%	-	0.0%	-	0.0%	-	0.0%	-
13	Esex Forging s.r.l. (under liquidation)	-0.3%	(31.84)	-0.7%	(1.12)	0.0%	-	0.1%	(1.12)
14	Industria Meccanica e Stampaggio Poland	0.0%	-	-15.6%	(26.23)	0.0%	-	3.3%	(26.23)
	Joint Venture								
	(Investment as per equity method)								
1	Varroc TYC Corporation BVI	16.5%	1,824.40	430%	722.57	0.0%	-	(0.91)	722.57
2	Nuova CTS S.r.l	0.7%	79.61	0.7%	1.18	0.0%	-	-0.1%	1.18
3	Varroc Elastomers Private Limited	0.5%	55.14	3.5%	5.80	0.0%	-	-0.7%	5.80
	Non-controlling interests in subsidiaries	1.9%	214.46	22.9%	38.52	0.0%	(0.37)	-4.8%	38.15
	Subtotal		25,118.19		664.95		(60.89)		604.06
	Adjustment arising out of consolidation	-129.6%	(14,301.72)	-272.9%	(458.79)	93.6%	(897.69)	171.6%	(1,356.48)
	Restatement adjustments	2.0%	222.88	-22.7%	(38.07)	0.0%	-	4.8%	(38.07)
	Total	100%	11,039.35	100%	168.09	100%	(958.58)	100%	(790.49)

39 Related Party Disclosure.
Related parties and their relationships

1	Joint Ventures	Nuova CTS S.r.l, Italy Varroc TYC Corporation, British Virgin Island Varroc TYC Auto Lamps Co. Ltd., China (Subsidiary of Varroc TYC Corporation, BVI) Varroc TYC Auto Lamps Co. Ltd. CQ, China (Subsidiary of Varroc TYC Corporation, BVI) Varroc Elastomers Private Limited (w.e.f from December 1, 2014 to March 15, 2017)
2	Key Management Personnel	Mr. Tarang Jain - Managing Director Mr. Arjun Jain - Whole Time Director (w.e.f. July 15, 2015) Mr. Ravinder Kumar - Whole Time Director (w.e.f. August 30, 2014 to July 15, 2015) Mr. Harsh Kohli - Whole Time Director (w.e.f. August 30, 2014 to March 21, 2016) Mr. Ashwani Maheshwari - Whole Time Director (w.e.f. March 29, 2016) Mr. K. Muralidharan -Whole Time Director (until June 06, 2014)
		Non-executive Directors Mr. Naresh Chandra (w.e.f May 11,1988) Mr. Gautam Khandelwal (w.e.f. July 20, 2017) Mr. Padmanabh Sinha (w.e.f. March 27, 2014) Mr. L.S. Miniyar (until July 10, 2017)
		Independent Directors Mr. Gautam Khandelwal (w.e.f. July 20, 2017) Mr. Marc Szulewicz (w.e.f. July 20, 2017) Ms. Vijaya Sampath (w.e.f. July 20, 2017)
3	Relatives of Key Management Personnel with whom transactions have taken place	Mrs. Suman Jain Mrs. Rochana Jain
4	Enterprises Owned or controlled by key management personnel and/or their relatives with whom transactions have taken place	Endurance Technologies Limited Varroc Polymers Private Limited (until November 30, 2014) Tarang Jain (HUF) Varroc Trading Private Limited. (Until October 20, 2016) Varroc Elastomers Private Limited (until November 30,2014) [JV w.e.f December 1, 2014 to March 15, 2017]

b. Transactions with related parties (₹ in Million)

	Description of the nature of transactions	Volume of transactions: For nine months ended December 31, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	As at Dec 31, 2017: Receivable	As at Dec 31, 2017: Payable	As at March 31, 2017: Receivable	As at March 31, 2017: Payable	As at March 31, 2016: Receivable	As at March 31, 2016: Payable	As at March 31, 2015 (Proforma): Receivable	As at March 31, 2015 (Proforma): Payable
A]	**Sale of goods, services and fixed assets ***												
	Endurance Technologies Limited	63.26	63.92	65.37	48.30	7.73	-	3.75	-	7.75	-	4.00	-
	Varroc TYC Auto Lamps Co. Limited	34.08	34.54	63.80	57.01	96.93	-	62.31	-	55.20	-	82.80	-
	Varrc Elastomers Private Limited	-	-	-	0.94	-	-	-	-	-	-	0.20	-
	Varroc Polymers Private Limited	-	-	-	119.74	-	-	-	-	-	-	**	-
	Nuova CTS S.r.l				-	0.26							
B]	**Purchase of goods, services and fixed assets ***												
	Varroc Elastomers Private Limited	-	184.88	179.15	146.54	-	-	-	12.94	-	25.60	-	24.51
	Nuova CTS S.r.l	98.90	80.03	75.32	91.71	-	25.12	-	18.02	-	13.10	-	13.18
	Varroc TYC Auto Lamps Co. Limited.	-	2.81	37.60	-	-	1.32	-	4.36	-	0.44	-	-
	Varroc Polymers Private Limited				276.97							-	**
C]	**Royalty received**												
	Varroc TYC Auto Lamps Co. Limited.	114.04	110.89	67.16	84.98	-	-	-	-	-	-	18.75	-
D]	**Professional charges paid**												
	Mr. Naresh Chandra	0.14	0.57	0.57	0.60	-	-	-	-	-	-	-	-
	Mrs. Rochana Jain	-	-	0.27	3.26	-	-	-	-	-	-	-	-
	Mr. Gautam Khandelwal	-	-	-	0.30	-	-					-	-
	Varroc Polymers Private Limited	-	-	-	1.32	-	-					-	-
E]	**Management consultancy fees received**												
	Varroc Elastomers Private Limited.	-	15.75	0.75	0.23	-	-	-	-	0.20	-	-	-
	Varroc TYC Auto Lamps Co. Limited.	-	-	-	38.77	-	-					-	-
F]	**Interest paid**												
	Mr. Naresh Chandra	-			##							-	-
	Nuova CTS S.r.l	-	0.22	0.34	0.74	-	2.44	-	2.06	-	2.01	-	1.49
	Mrs. Suman Jain	-	-	-	0.45	-	-					-	-
G]	**Directors Fees paid**												
	Mr. Naresh Chandra	0.52	0.21	0.16	-	-	-	-	-	-	-	-	-
	Mr. Gautam Khandelwal	0.30	0.10	0.09	-	-	-	-	-	-	-	-	-
	Mr. Marc Szulewicz	0.20	-	-	-	-	-	-	-	-	-	-	-
	Mrs. Vijaya Sampath	0.20	-	-	-	-	-	-	-	-	-	-	-
H]	**Dividend paid**												
	Mr. Tarang Jain	-	24.20	20.90	17.00	-	-	-	-	-	-	-	-
	Mr. Naresh Chandra	-	5.40	4.10	3.30	-	-	-	-	-	-	-	-
	Mrs. Suman Jain	-	4.04	4.22	3.40	-	-	-	-	-	-	-	-
	Mr. Naresh Chandra and Mrs. Suman Jain	-	-	1.52	1.20	-	-	-	-	-	-	-	-
	Mr. Tarang Jain and Mrs. Rochana Jain	-	-	2.85	2.30	-	-	-	-	-	-	-	-
	Tarang Jain - HUF	-	-	0.05	##	-	-	-	-	-	-	-	-
I]	**Managerial Remuneration #**												
	Mr. Tarang Jain	55.22	65.87	64.29	36.28	-	-	-	-	-	-	-	-
	Mr. Arjun Jain - WTD	4.42	4.80	3.57	-	-	-	-	-	-	-	-	-
	Mr. Ashwani Maheshwari-WTD	10.21	13.32	0.10	-	-	-	-	-	-	-	-	-
	Mr. Ravinder Kumar - WTD	-	-	2.02	3.70	-	-	-	-	-	-	-	-
	Mr. Harsh Kohli - WTD	-	-	6.55	3.50	-	-	-	-	-	-	-	-
	Mr. K. Muralidharan -WTD	-	-	-	1.40	-	-	-	-	-	-	-	-
J]	**Remuneration #**												
	Mr. Arjun Jain	-	-	0.81	2.20	-	-	-	-	-	-	-	-
	Mrs. Rochana Jain	6.10	6.56	5.68	-	-	-	-	-	-	-	-	-
K]	**Loan taken/repaid net**												
	Nuova CTS S.r.l	7.42	-	-	(11.12)	-	-	-	6.86	-	7.43	-	13.37
	Mr. Naresh Chandra	-	-	-	0.40	-	-	-	-	-	-	-	-
	Mrs. Suman Jain	-	-	-	29.60	-	-	-	-	-	-	-	-
L]	**Dividend received**												
	Varroc Elastomers Private Limited.	-	2.66	4.80	-	-	-	-	-	-	-	-	-
	Varroc TYC Auto Lamps Co. Limited.	240.22	199.69	-	-	-	-	-	-	-	-	-	-
M]	**Reimbursement of expenses - received**												
	Varroc TYC Auto Lamps Co. Limited.	-	5.38	-	-	-	-	-	-	-	-	-	-
	Varroc Elastomers Private Limited.	-	-	-	0.50	-	-	-	-	-	-	-	-
N]	**Sale of Property**												
	Tarang Jain	83.00	-	-	-	-	-	-	-	-	-	-	-
O]	**Rent received**												
	Varroc Polymers Private Limited	-	-	-	7.12	-	-	-	-	-	-	**	-
P]	**Guarantee commission paid**												
	Varroc Polymers Private Limited	-	-	-	4.30	-	-	-	-	-	-	-	**

* All the values inclusive of taxes if any.
# As gratuity and compensated absences are computed for all the employees in aggregate, the amount relating to the key managerial personnel, cannot be individually identified.
** Varroc Polymers Private Limited had become a wholly owned subsidiary of the company effective December 01,2014. Pursuant to the same, previous years figures includes transaction from April 01, 2014 to October 31, 2014.

Amount is below the rounding off norm of the Company
Note:
During the year ended March 31, 2017 the company has issued 852,359 Series B CCPS and 1,168,377 Series C CCPS as bonus shares to key managerial personnel and their relative. Subsequently during the period ended December 31, 2017 Series B CCPS have been converted into equity shares based on the terms of the agreement, refer note 13.

40 Capital and other Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

(₹ in Million)

	As at December 31, 2017	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015 (Proforma)**
Estimated amount of contract remaining to be executed on capital account and not provided for (Net of advances)	1,385.86	1,457.43	3,452.89	1,685.50

(b) Rental expense relating to operating leases

(₹ in Million)

	For nine months ended December 31, 2017	**Year ended March 31, 2017**	**Year ended March 31, 2016**	**Year ended March 31, 2015 (Proforma)**
Minimum lease payments	244.94	271.73	216.91	169.88
Total rental expense relating to operating leases	244.94	271.73	216.91	169.88

41 Earnings per shares

	For nine months ended December 31, 2017	Year Ended March 31, 2017	Year Ended March 31, 2016	Year Ended March 31, 2015 (Proforma)
Earnings per share (EPS)				
Basic				
Profit after tax attributable to equity shareholders (₹ in million)	3,079.20	3,030.10	3,693.59	129.57
Less : Dividend on compulsorily convertible preference shares*	-	-	-	-
Profit attributable to equity shareholders (₹ in million) (A)	3,079.20	3,030.10	3,693.59	129.57
Weighted average number of shares outstanding (without considering impact of shares split)	13,481,153	10,925,028	9,613,502	9,613,502
Weighted average number of shares outstanding (after considering impact of shares split) (B)	134,811,530	109,250,280	96,135,020	96,135,020
Basic EPS (Amount in ₹) (A/B)	22.84	27.74	38.42	1.35
Diluted				
Profit attributable to equity shareholders (₹ in million)	3,079.20	3,030.10	3,693.59	129.57
Add/(Less): Imputed interest and changes in cash flow estimates on liability portion of CCPS (₹ in million)	-	41.60	(1,267.47)	3,780.40
Profit attributable to equity shareholders (₹ in million) ('C)	3,079.20	3,071.70	2,426.12	3,909.97
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	134,811,530	109,250,280	96,135,020	96,135,020
Add: Weighted average number of potential equity shares on account of compulsorily convertible preference shares	-	3,643,700	15,330,850	15,207,920
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share (D)	134,811,530	112,893,980	111,465,870	111,342,940
Diluted EPS (Amount in ₹) (C/D) #	22.84	27.21	21.77	35.12
Basic earnings per share (Amount in ₹)	**22.84**	**27.74**	**38.42**	**1.35**
Diluted earnings per share (Amount in ₹)	**22.84**	**27.21**	**21.77**	**1.35**

* Amount below rounding off norm adopted by the Group.

Diluted earnings per share for the year ended March 31, 2015 (Proforma) is restricted to Basic earnings per share due to the anti dilutive impact.

Note:
(i) Subsequent to the period ended December 31, 2017, the Company has sub divided the face value per equity share from ₹ 10 to ₹ 1. Accordingly Basic and Diluted earnings per share presented above have been updated in accordance with Ind AS 33 - 'Earnings per share'.
(ii) EPS excludes treasury shares wherever applicable.

42 Contingent liabilities

(i) Claims against the company not acknowledged as debt

(₹ in Million)

Contingent liabilities not provided for	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
a) Claim against the group not acknowledged as debt				
Disputed Excise and Service Tax matters	162.40	147.37	42.16	42.37
Income Tax matters	124.59	-	-	46.35
Sales Tax matters	39.57	52.36	81.49	36.24
b) Other money for which the Company is contingently liable	31.90	29.86	102.35	53.86
d) Others	119.99	88.35	34.42	-

43 Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

(₹ in Million)

	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
Current				
Financial assets				
Investments	220.13	-	119.40	24.20
Trade receivables	15,446.16	11,086.37	11,525.47	10,714.50
Cash and bank balances	1,243.18	3,026.43	1,555.50	481.48
Loan	56.02	42.29	39.79	36.59
Other financial assets	2,227.07	2,374.83	700.44	593.71
Non-financial assets				
Inventories	5,522.28	4,293.97	4,375.84	3,739.13
Other current assets	1,269.07	1,585.06	1,279.28	1,273.90
Total current assets pledged as security	**25,983.91**	**22,408.95**	**19,595.72**	**16,863.50**
Non-current				
Loans	-	-	2.34	633.20
Other financial assets	87.49	433.49	733.09	942.78
Other non-current assets	936.86	287.26	0.94	0.18
PPE, CWIP and Intangible Assets	19,530.72	17,338.11	17,199.90	14,861.13
Total non-currents assets pledged as security	**20,555.07**	**18,058.86**	**17,936.27**	**16,437.30**
Total assets pledged as security	**46,538.98**	**40,467.81**	**37,531.99**	**33,300.79**

44 Disclosures as required as per Ind AS 17 – 'Accounting for Leases'

The group leases various offices, warehouses and retail stores under non-cancellable operating leases expiring within two to eight years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated. Lease payments in respect of operating leases included in the Statement of Profit and Loss for the period ended December 31, 2017 are ₹ 244.94 million (March 31, 2017 ₹ 271.73 million, March 31, 2016 ₹ 216.91 million, March 31, 2015 (Proforma) ₹169.88 million).

(₹ in Million)

	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
(A) Non cancellable operating leases :				
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Not Later than one year	98.36	86.57	72.49	70.86
Later than one year and not later than five years	285.39	166.18	203.86	223.66
Later than five years	68.54	-	21.68	46.12
Total (A)	452.29	252.75	298.03	340.64
(B) Finance leases : The Group has taken certain plant and machinery on finance lease. The disclosure as required by Ind AS 17 is as follows:				
(a) Minimum future Finance lease payments				
Not Later than one year	67.97	53.95	58.97	10.16
Later than one year and not later than five years	143.22	158.19	228.40	11.29
Later than five years	-	-	-	-
Total (a)	211.19	212.14	287.37	21.45
(b) Present value of minimum lease rentals payable				
Not later than one year	64.73	48.01	52.43	1.05
Later than one year but not later than five years	138.10	153.19	219.90	1.62
Later than five years	-	-	-	-
Total (b)	202.83	201.20	272.33	2.67
c) Reconciliation of minimum lease payments and present value				
Minimum lease rentals payable as per (a) above	211.19	212.14	287.37	21.45
Less: Finance charges to be recognized in subsequent years.	8.36	10.94	15.04	18.78
Present value of minimum lease rentals payable as per (b) above.	202.83	201.20	272.33	2.67

Apart from the above, some of land and buildings located in Czech Republic and India is taken on finance lease. The total obligation towards the lease payments has been made in advance as on the date of Balance Sheet.

45 Interests in joint ventures

Set out below are the joint ventures of the group as at December 31, 2017 which, in the opinion of the directors, are material to the group.

(₹ in Million)

Name of entity	Place of business	% of ownership	Relationship	Accounting method	Carrying Value			
					As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
Varroc TYC Corporation BVI and its subsidiaries	China / BVI	50%	Joint Venture	Equity Method	3,128.00	2,842.91	2,494.58	1,824.40
Nuova CTS S.r.l	Italy	50%	Joint Venture	Equity Method	97.83	84.16	89.46	79.62
Varroc Elastomers Pvt. Ltd. (refer note 47(b))	India	51%	Joint Venture	Equity Method	-	-	59.09	55.14
Total					**3,225.83**	**2,927.07**	**2,643.13**	**1,959.16**

The joint venture entities are primarily engaged in the business of auto components and services in the automotive industry.

Commitments and contingent liabilities in respect of joint ventures

(₹ in Million)

Particulars	**As at December 31, 2017**	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015 (Proforma)**
Commitments – joint ventures	292.64	82.35	96.84	58.80

Interests in joint ventures
Summarised financial information for joint ventures

The summarised financial information for joint ventures disclosed below, reflects the amounts presented in the financial statements of the relevant joint ventures and not Group's share of those amounts.

(₹ in Million)

Summarised balance sheet	Varroc TYC Corporation BVI				Nova CTS srl				Varroc Elastomers Private Limited			
	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
Current assets												
Cash and cash equivalents	1,316.32	1,563.75	1,049.66	1,010.97	43.61	10.55	13.91	16.61	-	-	1.90	2.15
Other assets	6,661.50	6,514.53	6,269.16	5,879.86	33.66	38.05	33.49	36.09	-	-	107.10	121.80
Total current assets	**7,977.82**	**8,078.29**	**7,318.82**	**6,890.83**	**77.27**	**48.60**	**47.40**	**52.70**	-	-	**109.00**	**123.95**
Total non-current assets	**4,095.20**	3,679.37	4,371.90	3,538.79	**1.18**	**0.70**	**0.70**	1.60	-	-	**177.30**	158.10
Current liabilities												
Financial liabilities (excluding trade payables)	808.80	1,287.36	1,541.91	2,570.01	-	-	-	-	-	-	26.70	24.23
Other liabilities	4,115.80	4,050.74	4,155.19	3,698.36	29.50	13.80	12.40	16.30	-	-	98.20	118.87
Total current liabilities	**4,924.60**	**5,338.10**	**5,697.10**	**6,268.37**	**29.50**	**13.80**	**12.40**	**16.30**	-	-	**124.90**	**143.10**
Non-current liabilities												
Financial liabilities (excluding trade payables)	680.32	837.19	1,113.35	459.10	-	-	-	-	-	-	29.87	21.19
Other liabilities	274.30	198.01	198.95	115.55	7.63	6.60	7.90	8.10	-	-	14.33	11.46
Total non-current liabilities	**954.62**	**1,035.20**	**1,312.30**	**574.65**	**7.63**	**6.60**	**7.90**	**8.10**	-	-	**44.20**	**32.65**
Net assets	**6,193.80**	**5,384.36**	**4,681.32**	**3,586.60**	**41.32**	**28.90**	**27.80**	**29.90**	-	-	**117.20**	**106.30**

(i) Summarised statement of profit and loss (₹ in Million)

	Varroc TYC Corporation BVI				Nova CTS srl				Varroc Elastomers Private Limited			
	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
Revenue	9,411.50	15,338.60	12,235.00	10,670.76	117.93	91.86	89.72	109.31	-	589.49	518.81	190.43
Depreciation and amortisation	289.10	378.71	356.11	279.74	0.21	0.29	0.41	3.34	-	24.36	24.34	8.42
Interest expense	60.80	120.10	153.60	119.45	-	-	0.00	-	-	5.10	7.06	2.11
Income tax expense	46.20	291.14	146.90	103.25	10.83	0.24	1.20	0.86	-	9.17	11.28	3.71
Profit for the period/ year	1,040.58	1,560.80	977.00	722.57	24.00	3.48	1.93	1.18	-	19.09	17.25	5.70
Other comprehensive income	(15.30)	-	-	31.00	-	-	-	-	-	-	-	-
Total comprehensive income	1,025.28	1,560.80	977.00	753.57	24.00	3.48	1.93	1.18	-	19.09	17.25	5.70
Dividends received	240.22	199.70	-	-	-	-	-	-	-	-	4.85	-

Interests in joint ventures
(ii) Reconciliation of carrying amounts

(₹ in Million)

	Varroc TYC Corporation BVI				Nova CTS srl				Varroc Elastomers Private Limited			
	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
Closing net assets	6,193.80	5,623.62	4,926.96	3,586.60	66.32	38.97	49.57	29.90	-	-	114.05	106.30
Group's share in %	50%	50%	50%	50%	50%	50%	50%	50%	-	-	51%	51%
Group's share in INR	3,096.90	2,811.81	2,463.48	1,793.30	33.16	19.49	24.79	14.95	-	-	58.16	54.21
Goodwill	31.10	31.10	31.10	31.10	64.67	64.67	64.67	64.67	-	-	0.93	0.93
Carrying amount	**3,128.00**	**2,842.91**	**2,494.58**	**1,824.40**	**97.83**	**84.16**	**89.46**	**79.62**	**-**	**-**	**59.09**	**55.14**

46 Business combination

Summary of acquisition

1) On November 30, 2017, Varroc Polymers Private Limited, a wholly owned subsidiary of the Company acquired controlling interest in Team Concepts Private Limited. The entity is engaged in the business of manufacture and sale of auto accessories and is recognized as a premium auto accessories manufacturer among OEMs and after market.

Given the recent acquisition, the fair value of purchase consideration of ₹ 559.60 Million (including redemption liability of non controlling interest) has been allocated to assets and liabilities on a provisional basis as per Ind AS 103, Business combinations.

The Group expects to finalize the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date within the measurement period of 12 months.

The assets and liabilities recognised as a result of the acquisition as at the acquistion date are as follows:

(₹ in Million)

	Team Concept Private Limited (TCPL) (Fair Value)
Non Current Assets	
Property Plant & Equipment	128.08
Intangible assets	230.31
Non Current Financial Assets	
Other financial assets	0.82
Current Assets	
Inventories	29.94
Financial Assets	
Trade receivables	79.30
Cash and cash equivalents	14.34
Other current assets	10.15
Total Asset	**492.94**
Non-current liabilities	
Other financial liabilities	
Provisions	1.15
Deferred tax liabilities (Net)	77.33
Current liabilities	
Financial liabilities	
Trade payables	18.04
Provisions	3.32
Current tax liabilities (Net)	9.57
Other current liabilities	7.83
Total Liabilities	**117.24**
Net identifiable assets acquired	**375.70**

Computation of goodwill	
Fair value of consideration (Including cash paid and redemption liability)	559.60
Less: Net identifiable assets acquired	(375.70)
Provisional Goodwill	**183.90**

The goodwill recognized in connection with the acquisition is primarily attributable to anticipated synergies from future growth.

47 Liquidation and sale of shares in jointly controlled entities:

(a) Liquidation of Esex Forging srl:

One of the foreign step-down subsidiaries of the Company, Esex Forging s.r.l. has been liquidated with effect from 29th March 2017, as per the communication received from the Chamber of Commerce, Milan.

The group's shares in total assets, net assets, revenues and in the profit and loss for the period/ year are as under:

(₹ in Million)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
Total assets	-	-	0.63	1.50
Net assets	-	-	0.63	(31.84)
Profit /(Loss) before tax	-	12.65	-	(1.10)

(b) Varroc Elastomers Private Limited :

During the year ended March 31, 2017 the group has sold 484,500 equity shares held in joint venture (Varroc Elastomers Private Limited) for a total consideration of ₹ 115.8 milion. The profit on sale of investment has been presented under 'Other income' as part of 'Net gain on sale of investments'.

48 Construction contracts:

(a) Consolidated Statement of profit or loss

(₹ in Million)

	For the Period ended Dec 31, 2017	For the Year ended March 31, 2017	For the Year ended March 31, 2016	For the Year ended March 31, 2015 (Profroma)
Contract revenue	4,292.94	6,196.25	6,417.46	8,680.68
Contract costs	3,514.28	5,133.86	5,102.84	7,777.35

(b) Consolidated Balance sheet

(₹ in Million)

	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
Financial assets				
Trade receivables	2,789.29	742.50	2,399.90	1,457.42
Other financial assets - current	2,613.42	2,652.31	1,091.60	185.96
Other financial assets - non-current	85.23	620.55	827.10	1,162.25
Financial liabilities				
Other financial liabilities	958.97	384.75	426.72	799.97

(c) Amounts due from / (to) customers under construction contracts

The net balance sheet position for ongoing construction contracts is as follows:

(₹ in Million)

	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
Amounts due from customers for contract work	2,698.65	3,272.87	1,918.70	1,348.21
Amounts due to customers for contract work	958.97	384.75	426.72	799.97

49 Capital reduction of shares held by subsidiary

(a) Pursuant to the approval of the High Court of Judicature at Bombay, during the year ended March 31,2015, Varroc Polymers Private Limited (VPPL) in which the company held 13.95% of equity shares hitherto, reduced its Equity Share Capital by cancelling and extinguishing 3,263,503 Equity Shares of ₹ 10 each held by the shareholders other than the company. Consequent to the aforesaid reduction, VPPL became a wholly owned subsidiary of the company and has been consolidated effective December 01, 2014.

The company, in the first time adoption of IND AS during the year ended March 31,2017 has elected the option given under IND AS 101 to carry the previous GAAP carrying amount with respect to this business acquisition. As per the guidance note on Reports in Company Prospectuses (Revised 2016), the assets and liabilities, after adjustment of Ind AS differences in the reserves, have been consolidated with the Group w.e.f. December 1, 2014 in the proforma Ind AS financials.Under the previous GAAP, Varroc Elastomers Private Limited (VELPL) was consolidated as a subsidiary in the consolidated financial statements of VPPL. Under Ind AS, it has been treated as a joint venture and accounted for under the equity method.

The consolidated assets and liabilities of VPPL under the previous GAAP adjusted for IND AS impact acquired as a result of the transaction as at December 01, 2014 are as follows :

(₹ in Million)

	Varroc Polymers Private Limited (VPPL)
Tangible assets	2,963.50
Capital work-in-progress	399.30
Intangible assets	18.40
Intangible assets under development	9.36
Non-current financials assets- Investments	304.84
Current income tax assets (Net)	34.60
Other Current and Non-current assets	350.34
Other financial assets	435.10
Inventories	567.70
Trade receivables	1,855.20
Cash and Bank balances	30.20
Borrowings	510.80
Provisions	43.10
Deferred tax liabilities (Net)	112.70
Government grants	32.40
Other financial liabilities	245.60
Trade payables and acceptances	1,936.60
Other current liabilities	517.60
Net identifiable asset acquired	**3,569.74**
Carrying amount of the entity accounted through equity method of accounting (Net)	55.14
Total carrying amount of Investment	500.00
Capital reserve on consolidation recognised	**3,124.88**

(b) The revenue and profit after tax of the acquired entities, for the period of four months ended March 31, 2015, consolidated in the financial statements is as follows:

Revenue : ₹ 4287. 86 million
Profit after tax: ₹ 163.96 million
Share of net profits of VELPL accounted for using the equity method: ₹ 5.80 million

(c) VPPL held 852,349 equity shares in the Company on December 01, 2014 and hence adjustments have been made in the share capital and reserves to account for the impact of the cross holding.

50 Sale of Subsidiary

The group has sold one of its step down subsidiaries, Industrial Meccanica E Stampaggio Sp.z.oo. (IMES), Poland on January 30, 2015. The results of the subsidiary have been consolidated until the date of sale. The profit on sale of the subsidiary amounting to ₹ 517.51 million has been disclosed as an Exceptional Item in the Statement of Profit and Loss. The group's shares in total assets, net assets, revenues and in the profit for the period is as under :

(₹ in Million)

Particulars	**Period ended January 30, 2015**
Total assets	-
Net assets	-
Revenue	-
Loss before tax	26.20

51 The Shareholders at their meeting held on January 25, 2018, accorded their approval for conversion of the Company from a "Private Limited Company" to "Public Limited Company". Necessary documents have been filed with the Ministry of Corporate Affairs and the same is approved by the Register of Companies (ROC) Mumbai on February 05, 2018.

52 The Company prepares Consolidated Financial Statements at each period end by translating its foreign operations in accordance with IND AS 21 - "The Effects of Changes in Foreign Exchange Rates". The Company, while preparing financial statements for the period ended December 31, 2017, has identified an inadvertent error in translation of one of its foreign subsidiary's operations for FY 2016-17. In accordance with IND AS 8 Accounting Policies, Changes in Accounting, Estimates and Errors, the Company has corrected the above error by restating the comparative financial information for the year ended March 31, 2017.

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

(₹ in Million)

Financial Statement (extract)	**March 31, 2017**	**Increase / (Decrease)**	**March 31, 2017 (Restated)**
Balance with Government Authorities	506.41	321.99	828.40
Trade Payable	15,002.40	59.62	15,062.02
Net Foreign Exchange Gain	265.10	272.67	537.77
Foreign Currency Translation Reserve	54.90	(10.38)	44.52
Net Profit	2,862.11	272.69	3,134.80

53 Disclosure on specified bank notes (SBNs)

The details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, as per the notification G.S.R. 308(E) dated March 31, 2017 is given below:

Amount in ₹

Particulars	SBNs*	Other denomination currency	Total
Closing cash in hand as on November 8, 2016	2,224,820	230,706	2,455,526
(+) Permitted receipts	-	2,531,214	2,531,214
(-) Permitted payments	-	1,683,323	1,683,323
(-) Non Permitted payments	-	-	-
(-) Amount deposited in Banks	2,224,820	61,350	2,286,170
Closing cash in hand as on December 30, 2016	-	1,017,247	1,017,247

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the November 8, 2016.

Annexure VI

I Statement of Adjustments to Audited Consolidated Financial Statements

Summarized below are the restatement adjustments made to the audited consolidated financial statements for the nine months ended December 31, 2017 and years ended March 2017, 2016 and 2015 and their impact on the profit / (loss) of the group:

(₹ in Million)

Sr.No.	Particulars	Note	For nine months ended December 31, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)
	Net Profit as per Ind AS		**3,079.59**	**2,862.13**	**3,820.18**	**207.06**
A	**A. Adjustments:**					
	Material Restatement Adjustments					
	(Excluding those on account of changes in accounting policies)					
	(i) Audit Qualifications : None					
	(ii) Other material adjustments					
	Tax Pertaining to earlier years	**I**	-	(100.93)	120.58	(38.97)
	Interest on Income tax refund	**II**	-	-	(3.50)	-
	Adjustment pertaining to translation of foreign operation	**III**	-	272.69	-	-
	Adjustment related to provision for claims	**IV**	-	-	(393.84)	-
	(iii)Deferred Tax adjustments	**V**	-	-	154.81	-
		Total:	-	171.76	(121.95)	(38.97)
B	**Adjustments on account of changes in accounting policies :**		-	-	-	-
		Total:	-	-	-	-
C	**Total impact of Adjustments (A +B)**		-	171.76	(121.95)	(38.97)
	Net Profit as per statement of Restated Consolidated Statement of Profit and Loss		**3,079.59**	**3,033.89**	**3,698.23**	**168.09**

Notes to adjustments:

I In the audited financial statements of the group for the nine months ended December 31, 2017 and for the years ended March 31, 2017, 2016 and 2015, taxes have been accounted for pertaining to earlier years based on return of income and / or intimations/ orders received from Income-tax authorities. For the purpose of these statements, such items have been appropriately adjusted to the respective years to which they relate.

II In the audited financial statements of the group for the nine months ended December 31, 2017 and for the years ended March 31, 2017, 2016 and 2015, Interest on Income tax has been accounted for based on orders received from Income-tax authorities. For the purpose of these statements, such items have been appropriately adjusted to the respective years to which they relate.

III The Company has identified a computational error pertaining to the financial statements for the year ended March 31, 2017 of one of its subsidiaries subsequent to the issue of the financial statements for the year ended March 31, 2017. For the purpose of these statements, the said error has been appropriately adjusted in financial statements for the year ended March 31, 2017.

IV In the audited financial statements of the Group for the year ended March 31, 2016, the Group has reversed the excess provision of ₹ 393.84 Million in respect of certain disputed claims with a counterparty pursuant to the Settlement of the claim with the counterparty. For the purpose of these statements, the said amount has been appropriately adjusted to the respective year to which it relates.

V The tax rate applicable for the respective periods/ years has been used to calculate the deferred tax impact on other material adjustments

II a) Other Matters :-

Emphasis of Matter

For the period ended December 31, 2017

We draw your attention to note 52 of Annexure V, of the Restated Consolidated Ind AS Financial Statements of the Group, regarding the adjustments on account of rectification of a computational error by restatement of the comparative financial information in accordance with paragraph 42 of Indian Accounting Standard (Ind AS) 8 Accounting Policies, Changes in Accounting Estimates and Errors. This matter has been adjusted in these restated Consolidated Financial Information.

The above emphasis of matter paragraph also forms part of audit report on special purpose Consolidated Ind AS Financial Statements of the Group for nine months ended Dec 31, 2017. Our opinion is not qualified in respect of this matter.

II b) Auditor's Comment in Company Auditor's Report Order - Non - Adjusting Items :- None

Annexure VII
Restated Consolidated Statements of Secured Borrowings

(₹ in Million)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
Non current borrowings (Refer Annexure VIIA)				
Secured				
Debentures				
1,300 (March 31, 2017: 800) 8.10% Non convertible debentures of ₹1,000,000 each	1,300.00	800.00	-	-
Term loans				
From banks				
Rupee loans	451.95	466.04	213.81	371.52
Foreign currency loans	4,135.34	4,765.32	3,749.94	2,516.89
From financial Institutions	338.35	727.51	671.72	548.26
Finance lease obligations (Refer Annexure V, note 44)	138.10	153.19	219.90	1.62
Buyers credit (capital nature)	216.07	400.70	397.71	506.06
Subtotal (A)	6,579.81	7,312.76	5,253.08	3,944.35
Current borrowings (Refer Annexure VIIA)				
Cash Credit	145.99	447.06	517.52	455.36
Working capital facilities	5,079.83	3,739.46	3,409.24	531.79
Pre-shipment credit in foreign currency (PCFC)	-	-	104.02	233.75
Factored Receivables/Bill Discounting	323.94	245.75	1,155.89	2,034.39
Buyer's credit (other than capital nature)	-	36.91	227.28	220.88
Subtotal (B)	5,549.76	4,469.18	5,413.95	3,476.17
Current portion of Secured Non current borrowings, included in Other Current Liabilities				
Term loans				
From banks				
Rupee loans	161.24	131.43	215.84	394.72
Foreign currency loans	1,410.49	766.38	644.53	1,520.15
From financial Institutions	155.53	434.16	965.65	473.05
Buyer's credit (capital nature)	304.63	-	-	-
Finance lease obligations (Refer Annexure V, note 44)	64.74	48.01	52.43	1.05
Subtotal (C)	2,096.63	1,379.98	1,878.45	2,388.97
Total (A+B+C)	**14,226.20**	**13,161.92**	**12,545.48**	**9,809.49**

Particulars	Maturity Date	Terms of Repayment	Interest rate
Cash Credit	Various	Various	3.88% to 10.5%
Term Loan - Foreign Currency	Various	Various	1% to 9%
Pre-shipment credit in foreign currency (PCFC)	Various	Various	5.15%
Factored Receivables/Bill Discounting	Various	Various	2 % to 6%
Buyer's credit (other than capital)	Various	Various	1.91%

Maturity profile of non current borrowings

(₹ in Million)

Particulars	Effective Interest Rate	Current (refer Annexure V, note 19)	Non Current					Total
			2019	2020	2021	2022	2023 And Beyond	
Term Loans	1.10% to 11.00%	1,727.26	1,820.61	1,607.98	1,212.25	284.41	0.39	4,925.64
Debentures	8.10%	-	-	800.00	-	500.00	-	1,300.00
Buyers Credit	0.26% to 2.25%	304.63	165.77	50.30	-	-	-	216.07

Nature of security:

Secured borrowings of entities based in India and Italy are secured by way of first charge on pari-passu basis on movable and immovable fixed assets of these entities, both present and future, subject to certain exclusions.

Secured borrowings of the Lighting division are secured by way of first charge on pari-passu basis on movable and immovable fixed assets and receivables of the lighting division, subject to certain exclusions.

Working capital facilities availed from banks, are secured by pari-passu charge by way of hypothecation of stocks of raw materials, work in process, finished goods, consumables, stores and spares, packing materials, receivables and mortgage of certain land and buildings of the group.

The carrying amounts of financial and non financial assets pledged as security for current and non-current borrowings are disclosed in Annexure V, note 43

Annexure VII (A)
Restated Consolidated Statement of Principal Terms of Secured Borrowings outstanding

Sr No	Bank Name	Facility	Rate of Interest % p.a.	Currency	Outstanding As on December 31, 2017 (₹ in Million)	Current Portion (₹ in Million)	Non Current Portion (₹ in Million)	Repayment Terms as per loan agreement	Reschedulement/ Pre payment/ Defaults and Penalties	Security as per Loan Agreement
1	Citi Bank N.A.	FCNR Loan	O/N USD Libor + 1% (Fully hedged cost 9%)	USD	466.84	116.71	350.13	Repayment in 12 quarterly installments after moratorium period of 2 years. Last date 4th March 2021	Prepayment - Allowed subject to repayment on interest reset date. Default Interest Rate - 2% p.a. over and above normal interest rate	Hypothecation by way of first pari passu charge on movable fixed assets of Crankshaft unit situated at M-191/3, Waluj, Auranagabad of the company.
2	Citi Bank N.A.	FCNR Loan	O/N USD Libor + 1.6% (Fully hedged cost 9%)	USD	144.58	24.10	120.48	Repayment in 12 quarterly installments after moratorium period of 2 years. Last date 20th May 2021.	Prepayment - Allowed subject to repayment on interest reset date. Default Interest Rate - 2% p.a. over and above normal interest rate	Hypothecation by way of first pari passu charge on movable fixed assets of Solar unit situated at Sakri, Dhule of the company.
3	The Saraswat Co Op Bank Ltd	Term Loan	10.25% (PLR -4%)	INR	10.02	10.02	-	Repayment in 60 monthly installments after moratorium period of 1 year. Last date 10th March 2018	Prepayment - Allowed subject to prepayment penalty of 2%. Default Interest Rate - 2% p.a. over and above normal interest rate	Hypothecation by way of first pari passu charge on movable fixed assets of the companies unit I (E-4), IV (M-140-141), V (L-6/2), VII (L-4) situated at Waluj Aurangabad, III (B-24& 25), VI (Takve) situated at Pune, and Pantnagar.
4	Bajaj Finance Limited	Term Loan	10.05% (Base Rate -1.1%)	INR	283.86	97.73	186.13	Repayment in 48 equated monthly installments after moratorium period of 1 year. Last date 5th August 2020	Prepayment - Allowed Default Interest Rate - 4% p.a. over and above normal interest rate	Hypothecation by way of first pari passu charge on movable fixed assets of Crankshaft unit situated at M-191/3, Waluj, Auranagabad of the company.
5	Bajaj Finance Limited	Term Loan	10.05% (Base Rate -1.1%)	INR	72.93	24.23	48.70	Repayment in 48 equated monthly installments after moratorium period of 1 year. Last date 5th September 2020	Prepayment - Allowed Default Interest Rate - 4% p.a. over and above normal interest rate	Hypothecation by way of first pari passu charge on movable fixed assets of Crankshaft unit situated at M-191/3, Waluj, Auranagabad of the company.
6	ICICI Bank Limited	ECB	6 M Libor + 4.95% (Fully hedged cost 11%)	USD	494.27	224.67	269.60	Payable in 24 quarterly balooning installments after period of 1 year moratorium. Last payment date 30th July 2019	Prepayment - Allowed subject to prepayment penalty of 1%. Default Interest Rate - 1% p.a. over and above normal interest rate	First charge by way of equitable mortgage of immovable properties of the company of unit I situated at E-4, Waluj, Auranagbad, unit V situated at L-6/2, Waluj, Aurangabad and unit VII situated at L-4, Waluj Aurangabad.
7	Kotak Mahindra Bank Limited	Term Loan	8.45% (6 M MCLR + 0.1%)	INR	500.00	83.33	416.67	Payable in 18 quarterly installments after period of 1.5 years moratorium. Last payment 18th August 2022	Prepayment - Allowed subject to prepayment penalty of 2% in case of prepayment through other borrowing and NIL in case of through internal accrual or equity. Default Interest Rate - 2% p.m. over and above normal interest rate	Hypothecation by way of first pari passu charge on movable fixed assets of VEPL V unit situated at L-6/2, waluj Aurangabad of the company.
8	IDBI Debenture Trustee	Non Convertible Debentures	8.10%	INR	800.00	-	800.00	Bullet Repayment on 28th February 2020	Prepayment - Not Allowed . Default Interest Rate - 2% p.a. over and above normal interest rate	Hypothecation by way of first pari passu charge on movable fixed assets of VEPL III situated at B-24 & 25, Chakan, Pune and VEPL VII unit situated at L-4, Waluj, Aurangabad of the company.
9	ICICI Bank Limited	Buyers Credit	1.63% - 2.33%	INR	103.61	70.69	32.92	on respective due date	Default Interest Rate - 6% p.a. over and above normal interest rate	First pari passu charge on entire current assests of company
10	IDBI Bank Limited	Buyers Credit	0.47% - 0.69%	INR	59.17	59.17	-	on respective due date		First pari passu charge on entire current assests of company
11	Kotak Mahindra Bank Limited	Buyers Credit	0.25% - 2.11%	INR	196.25	61.67	134.58	on respective due date	Default Interest Rate - 2% p.m. over and above normal interest rate	First pari passu charge on entire current assests of company
12	Standard Chartered Bank	ECB	3 M Euribor +2.5%	Euro	80.04	80.04	-	Payable in 16 quarterly installments after period of 1 years moratorium. Last payment 30th May 2019	Prepayment - Allowed subject to break cost. Default Interest Rate - 2% p.a. over and above normal interest rate	Hypothecation by way of first pari passu charge on movable fixed assets of the company.
13	Bajaj Finance Limited	Term Loan	9.70% (Base Rate -1.45%)	INR	98.46	24.82	73.64	Repayment in 48 equated monthly installments after moratorium period of 1 year. Last date 5th June 2021	Prepayment - Allowed Default Interest Rate - 4% p.a. over and above normal interest rate	Hypothecation by way of first pari passu charge on movable fixed assets of the company.
14	Bajaj Finance Limited	Term Loan	9.70% (Base Rate -1.45%)	INR	38.62	8.74	29.88	Repayment in 48 equated monthly installments after moratorium period of 1 year. Last date 5th October 2021	Prepayment - Allowed Default Interest Rate - 4% p.a. over and above normal interest rate	Hypothecation by way of first pari passu charge on movable fixed assets of the company.
15	IDBI Bank Limited	Buyers Credit	0.60%	INR	10.32	-	10.32	on respective due date		First pari passu charge on entire current assests of company
16	Citi Bank N.A.	Non Convertible Debentures	8.00%	INR	500.00	-	500.00	Bullet Repayment on 4th December 2022	Put and call option at the end of 3rd and 4th year. Default Interest Rate - 2% p.a. over and above normal interest rate	First pari passu charge on movable fixed assets both present and future of VPPL CH (Chennai), VPPL - PTH (Pathredi) and VPPL -GJ (Karsanpura, Gujarat), VPPL BG (Bangalore), VPPL IN (Indore) and first ari passu charge on immovable properties of VPPL CH (Chennai) plant.
17	IDBI Bank Limited	Buyers Credit	0.5% -0.6%	INR	22.09	22.09	-	on respective due date		First pari passu charge on entire current assests of company, ₹20 mio limit secured by first pari passu charge on fixed assets of the company located at Takve and Ranjangaon in Pune District and Waluj & Pharola in Aurangabad District and exclusive charge on fixed assets of Noida and Binola unit of the company.
18	The Saraswat Co Op Bank Ltd	Buyers Credit	0.24% - 2.38%	INR	129.26	91.01	38.25	on respective due date	Default Interest Rate - 2% p.a. over and above normal interest rate	First pari passu charge on entire current assests of company
19	The Saraswat Co Op Bank Ltd	Term Loan	10% (PLR -4.25%)	INR	27.88	27.88	-	Repayment in 60 monthly installments after moratorium period of 1 year.	Prepayment - Allowed subject to prepayment penalty of 2% . Default Interest Rate - 2% p.a. over and above normal interest rate	Equitable mortgage of Land and Building of the company
20	The Saraswat Co Op Bank Ltd	Term Loan	10% (PLR -4.25%)	INR	48.77	20.00	28.77	Repayment in 60 monthly installments after moratorium period of 1 year.	Prepayment - Allowed subject to prepayment penalty of 2% . Default Interest Rate - 2% p.a. over and above normal interest rate	Hypothecation by way of first pari passu charge on movable fixed assets the company.
21	The Saraswat Co Op Bank Ltd	Term Loan	10% (PLR -4.25%)	INR	26.52	20.00	6.52	Repayment in 60 monthly installments after moratorium period of 1 year.	Prepayment - Allowed subject to prepayment penalty of 2% . Default Interest Rate - 2% p.a. over and above normal interest rate	Hypothecation by way of first pari passu charge on movable fixed assets the company.
22	Komercni / Raiffeissen Bank	Senior Term Loan	3 M Euribor +1.1%	Euro	1,197.00	319.36	877.64	Quarterly payment last date 30th Sep 2021	Prepayment - Allowed on interest reset date. Default Interest Rate - 5% p.a. over and above normal interest rate	Pledge of Shares / enterprise / selected movable and immovable assets and Corporate guarantee of VarrocCorp Holding B.V.
23	Komercni / Raiffeissen Bank	Capex Loan	3 M Euribor +1.15%	Euro	1,972.61	526.05	1,446.56	Quarterly payment last date 30th Sep 2021	Prepayment - Allowed on interest reset date. Default Interest Rate - 5% p.a. over and above normal interest rate	Pledge of Shares / enterprise / selected movable and immovable assets and Corporate guarantee of VarrocCorp Holding B.V.
24	Axis Bank Limited	Term Loan	3 M Euribor +1.79%	Euro	1,109.60	85.35	1,024.25	Six Monthly balooning payment in 10 installment. Last installment in Feb 2022.	Prepayment - Allowed subject to break cost. Default Interest Rate - 2% p.a. over and above normal interest rate	Backed by SBLC from Varroc Engineering Private Limited
25	CASSA DI RISPARMIO DI SAVIGLIANO S.P.A.	Term Loan	3 M Euribor +1.5%	Euro	10.28	5.06	5.22	Six Monthly payment, last date of payment 30th June 2020	NIL	installments of incentive give by the government for solar plant have to be paid on dedicated bank account related to the loan
26	CARIPARMA -CREDITE AGRICOLE	Term Loan	6 M Euribor +1.7%	Euro	22.37	6.27	16.10	Six Monthly payment, last date of payment 13th April 2021	NIL	installments of incentive give by the government for solar plant have to be paid on dedicated bank account related to the loan
27	INTESA - SANPAOLO S.P.A.	Term Loan	3 M Euribor +2.9%	Euro	14.67	8.30	6.37	Quarterly payment, last date of payment 14th Sep 2019	NIL	Against asset purchased
28	INTESA - SANPAOLO S.P.A.	Term Loan	3 M Euribor +2.65%	Euro	2.57	2.57	-	Quarterly payment, last date of payment 14th March 2018	NIL	Against asset purchased
29	FCA BANK s.p.a.	Term Loan	11.99%	Euro	2.79	0.66	2.13	Monthly payment, last date of payment 9th May 2024	NIL	Hypothecation of vehicle-JEEP (CAR)
30	MONTE DEI PASCHI DI SIENA - LEASING s.p.a	Lease	4.7198% +/- (euribor 3M+0.07%)	Euro	10.04	5.40	4.64	monthly, last date of payment 8th May 2020	NIL	Hypothecation of Metalisation machine
31	BMW BANK Gmbh	Lease	6.00%	Euro	3.55	0.24	3.31	monthly, last date of payment 16th Oct 2020	NIL	Hypothecation of vehicle-BMW (CAR)

Annexure VII (A)
Restated Consolidated Statement of Principal Terms of Secured Borrowings outstanding

Sr No	Bank Name	Facility	Rate of Interest % p.a.	Currency	Outstanding As on December 31, 2017 (₹ in Million)	Current Portion (₹ in Million)	Non Current Portion (₹ in Million)	Repayment Terms as per loan agreement	Reschedulement/ Pre payment/ Defaults and Penalties	Security as per Loan Agreement
32	CSOB Leasing	Lease I	2.67%	Euro	38.21	11.06	27.15	monthly repayments, until 09/2020	No prepayment. Interest on late payments 8.5% p.a. plus fees	Subject of the Lease Contract
33	CSOB Leasing	Lease II	1.28%	Euro	18.10	5.24	12.86	monthly repayments, until 10/2020	No prepayment. Interest on late payments 8.5% p.a. plus fees	Subject of the Lease Contract
34	CSOB Leasing	Lease III	1.28%	Euro	15.78	4.57	11.21	monthly repayments, until 11/2020	No prepayment. Interest on late payments 8.5% p.a. plus fees	Subject of the Lease Contract
35	CSOB Leasing	Lease IV	1.28%	Euro	34.14	9.88	24.26	monthly repayments, until 12/2020	No prepayment. Interest on late payments 8.5% p.a. plus fees	Subject of the Lease Contract
36	CSOB Leasing	Lease V	1.28%	Euro	34.59	10.01	24.58	monthly repayments, until 12/2020	No prepayment. Interest on late payments 8.5% p.a. plus fees	Subject of the Lease Contract
37	CSOB Leasing	Lease VI	1.28%	Euro	19.12	5.53	13.59	monthly repayments, until 11/2020	No prepayment. Interest on late payments 8.5% p.a. plus fees	Subject of the Lease Contract
38	CSOB Leasing	Lease VII	3.49%	Euro	19.22	5.56	13.66	monthly repayments, until 11/2018	No prepayment. Interest on late payments 8.5% p.a. plus fees	Subject of the Lease Contract
39	Stratasys, Inc.	Lease I	4.70%	USD	10.09	7.25	2.84	monthly repayments, until 9/30/2020	No prepayment. 10 day late fee - 5%. Default rate 1.5% per month plus fees.	Subject of the Lease Contract
40	Unicredit Bank	Term Loan	1 M Euribor +3.5%	Euro	2.08	2.08	-	Last date 26th Oct 2018	NIL	Mortgage of Land & Building of Electromures SA, Romania
41	Unicredit Bank	Term Loan	1 M Euribor +1.95%	Euro	20.11	4.41	15.71	Last date 13th Feb 2022	NIL	Guaranteed by TRIOM S.p.a. Italy.
42	Joint Stock Commercial Bank For Foreign Trade of Vietnam	Term Loan	5.00%	USD	0.08	0.08	-	Last date 11th Feb 2018	NIL	Secured by machinery at Vielight Automotive Co Ltd, Vietnam
43	Joint Stock Commercial Bank For Foreign Trade of Vietnam	Term Loan	9.30%	VND	0.09	0.09	-	Last date 12th Feb 2018	NIL	Secured by machinery at Vielight Automotive Co Ltd, Vietnam
44	Joint Stock Commercial Bank For Foreign Trade of Vietnam	Term Loan	9.30%	VND	0.75	0.75	-	Last date 20th March 2018	NIL	Secured by machinery at Vielight Automotive Co Ltd, Vietnam
45	Joint Stock Commercial Bank For Foreign Trade of Vietnam	Term Loan	5.00%	USD	0.27	0.27	-	Last date 1st April 2018	NIL	Secured by machinery at Vielight Automotive Co Ltd, Vietnam
46	Joint Stock Commercial Bank For Foreign Trade of Vietnam	Term Loan	5.00%	USD	0.13	0.13	-	Last date 19th May 2018	NIL	Secured by machinery at Vielight Automotive Co Ltd, Vietnam
47	Joint Stock Commercial Bank For Foreign Trade of Vietnam	Term Loan	5.00%	USD	0.27	0.27	-	Last date 8th June 2018	NIL	Secured by machinery at Vielight Automotive Co Ltd, Vietnam
48	Joint Stock Commercial Bank For Foreign Trade of Vietnam	Term Loan	5.00%	USD	0.27	0.27	-	Last date 19th June 2018	NIL	Secured by machinery at Vielight Automotive Co Ltd, Vietnam
49	Joint Stock Commercial Bank For Foreign Trade of Vietnam	Term Loan	9.30%	VND	0.07	0.07	-	Last date 13th October 2018	NIL	Secured by machinery at Vielight Automotive Co Ltd, Vietnam
50	Joint Stock Commercial Bank For Foreign Trade of Vietnam	Term Loan	9.30%	VND	-	-	-	Last date 11th November 2018	NIL	Secured by machinery at Vielight Automotive Co Ltd, Vietnam
50	Joint Stock Commercial Bank For Foreign Trade of Vietnam	Term Loan	8.40%	VND	2.43	1.28	1.15	Last date 13th December 2019	NIL	Secured by machinery at Vielight Automotive Co Ltd, Vietnam
52	IDBI Bank Limited	Cash Credit	1 year MCLR + 0.7%	INR	2.68	2.68	-	Repayable on demand		First pari passu charge on entire current assests of company
53	Citi Bank N.A.	Cash Credit	As agreed from time to time, presently 10.25% p.a.	INR	4.10	4.10	-	Repayable on demand	Default Interest Rate - 2% p.a. over and above normal interest rate	First pari passu charge on entire current assests of company
54	Kotak Mahindra Bank Limited	Cash Credit	6 M MCLR +1.35%	INR	0.36	0.36	-	Repayable on demand	Default Interest Rate - 2% p.m. over and above normal interest rate	First pari passu charge on entire current assests of company
55	IDBI Bank Limited	Cash Credit	1 year MCLR + 0.05%	INR	2.99	2.99	-	Repayable on demand		First pari passu charge on entire current assests of company
56	Citi Bank N.A.	Cash Credit	As agreed from time to time, presently 10.25% p.a.	INR	6.89	6.89	-	Repayable on demand	Default Interest Rate - 2% p.a. over and above normal interest rate	First pari passu charge on entire current assests of company
57	Corporation Bank	Cash Credit	1 year MCLR	INR	0.90	0.90	-	Repayable on demand		First pari passu charge on inventory cum book debts of the company
58	The Saraswat Co Op Bank Limited	Cash Credit	PLR - 4%	INR	1.83	1.83	-	Repayable on demand	Default Interest Rate - 2% p.a. over and above normal interest rate	First pari passu charge on entire current assests of company
59	The Saraswat Co Op Bank Limited	Over Draft	PLR - 4.75%	INR	0.11	0.11	-	Repayable on demand	Default Interest Rate - 2% p.a. over and above normal interest rate	First pari passu charge on entire current assests of company
60	The Saraswat Co Op Bank Limited	Cash Credit	PLR - 4.75%	INR	12.77	12.77	-	Repayable on demand	Default Interest Rate - 2% p.a. over and above normal interest rate	First pari passu charge on entire current assests of company
61	IDBI Bank Limited	Cash Credit	1 year MCLR + 0.35%	INR	18.29	18.29	-	Repayable on demand		First pari passu charge on entire current assests of company
62	Standard Chartered Bank	Over Draft	1 M MCLR + Margin as agreed	INR	4.72	4.72	-	Repayable on demand	Default Interest Rate - 2% p.a. over and above normal interest rate	First pari passu charge on entire current assests of company
63	Export Import Bank of India	Working Capital Term Loan	6 M Euribor + 1.75% p.a.	Euro	113.81	113.81	-	12th January 2018.	Default Interest Rate - 2% p.a. over and above normal interest rate. Prepayment allowed on reset date.	Secured by stand by letter of credit backed by Varroc Engineering Private Limited
64	Citi Bank N.A.	Working Capital Term Loan	1.75% p.a.	Euro	455.22	455.22	-	Euro 4.5 mio due on 6th July 18 and Euro 1.5 mio due on 18th Oct 2018		Secured by stand by letter of credit backed by Varroc Engineering Private Limited
65	Komercni Banka / Raiffeissen Bank	Tooling B1	1 M Euribor /Pribor + 1% p.a.	Euro	2,187.44	2,187.44	-	From collection of tooling receivables	Prepayment - Allowed on interest reset date. Default Interest Rate - 5% p.a. over and above normal interest rate	Pledge of Shares / enterprise / selected movable and immovable assets and Corporate guarantee of VarrocCorp Holding B.V.
66	Citi Banamex	Working Capital Loan	Libor + 1.75%	USD	1,264.65	1,264.65	-	Revolving	No prepayment	Corporate guarantee from Varroc Engineering Pvt Ltd.
67	Citi Bank N.A.	Line of Credit	Libor + 1.75%	USD	948.48	948.48	-	Revolving	Prepayment - Allowed with breakage fee - LIBOR + 2%	Secured by all property and corporate guarantee from Varroc Engineering Pvt Ltd.
68	Unicredit Bank	Line of Credit	Euribor O/N + 2.5%	Euro	30.13	30.13	-	Revolving	NIL	Mortgage of Land & Building of Electromures SA, Romania
69	UBI FACTOR SPA	Receivable Finance	euribor 3M+1.5%	Euro	103.97	103.97	-	Revolving	NIL	Secured by factored receivables
70	MONTE DEI PASCHI DI SIENA s.p.s.	Short Term Loan	1.10%	Euro	11.19	11.19	-	Revolving	NIL	Secured by current assets
71	UBI Banca	Short Term Loan		Euro	2.04	2.04	-	Revolving	NIL	Secured by current assets
72	Cass Risp Di Savigliano	Short Term Loan	4.09%	Euro	23.62	23.62	-	Revolving	NIL	Secured by current assets
73	Intensa San Paolo	Short Term Loan	5.50%	Euro	23.36	23.36	-	Revolving	NIL	Secured by current assets
74	Bajaj Finance Limited	Corporate Loan	9% (Base Rate -2.15%)	INR	110.24	110.24	-	Bullet Repayment on due date for the tranche	Prepayment - Allowed Default Interest Rate - 4% p.a. over and above normal interest rate	Hypothecation by way of first pari passu charge on movable fixed assets the company.
75	The Saraswat Co Op Bank Limited	Over Draft	10% (PLR -4.25%)	INR	0.34	0.34	-	Revolving	Default Interest Rate - 2% p.a. over and above normal interest rate	Equitable mortgage of Land and Building of the company
76	B.CA. Pop Milano	Receivable Finance	6.00%	Euro	183.67	183.67	-	From collection of receivables	NIL	Secured by factored receivables
77	B.CA Credito bergomasco	Receivable Finance	3.10%	Euro	37.66	37.66	-	From collection of receivables	NIL	Secured by factored receivables
			Total		**14,226.20**	**7,646.39**	**6,579.81**			

Annexure VIII
Restated Consolidated Statement of Unsecured Borrowings (excluding liability portion of CCPS)

(₹ in Million)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
Unsecured non current borrowings:				
Deferred sales tax loan	174.48	239.95	320.41	392.36
Subtotal (A)	174.48	239.95	320.41	392.36
Unsecured current borrowings:				
Working capital facilities				
From financial institutions	455.34	431.58	997.35	340.92
Pre-shipment credit in foreign currency (PCFC)	150.00	-	-	-
Commercial Papers	990.05	1,084.28	-	-
From related parties	-	6.86	7.43	13.37
Subtotal (B)	1,595.39	1,522.72	1,004.78	354.29
Current portion of Unsecured Non current borrowings, included in Other Current Liabilities				
Deferred sales tax loan	63.77	205.85	71.84	61.44
Subtotal (C)	63.77	205.85	71.84	61.44
Total (A+B+C)	**1,833.64**	**1,968.52**	**1,397.03**	**808.09**

Notes:

Particulars	Maturity Date	Terms of Repayment	Interest rate
Working capital facilities			
From financial institutions	Various	Various	8.45%
Commercial Papers	Various	Various	6.65%

Maturity profile of non current borrowings

Particulars	Current/ Non current	Year	(₹ in Million)
Deferred sales tax loan	Current		63.77
	Non Current	2019	57.14
	Non Current	2020	44.45
	Non Current	2021	33.25
	Non Current	2022	20.44
	Non Current	2023 And Beyond	19.20

Annexure VIII
Restated Consolidated Statement of Unsecured Borrowings

Sl. No.	Lender	Nature of Facility (Term Loan-INR/FCY, Working Capital Facility-Cash credit/ Packing credit, Short term Loan)	Rate of Interest %	Loan currency	Amount Outstanding as at December 31, 2017 (₹ in Million)	Current Portion (₹ in Million)	Non Current Portion (₹ in Million)	Repayment Terms as per loan agreement	Reschedulement/ Pre payment/ Defaults and Penalties
1	Deferred sales Tax Loan	Government Incentive	NIL	INR	127.72	45.05	82.67	Repayable in annual installments in five year after the expiry of ten years of availment under package incentive scheme.	Prepayment - option is there to pre pay at Net Present Value (NPV) as per the package scheme of incentive. Default / Penalty - Interest as applicable from time to time in case of default in payment.
2	Deferred sales Tax Loan	Government Incentive	NIL	INR	101.04	14.45	86.59	Repayable in annual installments in five years after the expiry of ten years of availment under package incentive scheme.	Prepayment - option is there to pre pay at Net Present Value (NPV) as per the package scheme of incentive. Default / Penalty - Interest as applicable from time to time in case of default in payment.
3	Deferred sales Tax Loan	Government Incentive	NIL	INR	9.49	4.27	5.22	Repayable in annual installments in five years after the expiry of ten years of availment under package incentive scheme.	Prepayment - option is there to pre pay at Net Present Value (NPV) as per the package scheme of incentive. Default / Penalty - Interest as applicable from time to time in case of default in payment.
4	Axis Mutual Fund Trustee Ltd. A/c Axis Mutual Fund A/c Axis Liquid Fund	Commercial Paper	6.65%	INR	495.16	495.16	-	Payable after 87 days due on February 23, 2018	Prepayment not allowed
5	Axis Mutual Fund Trustee Ltd. A/c Axis Mutual Fund A/c Axis Liquid Fund	Commercial Paper	6.65%	INR	494.89	494.89	-	Payable after 90 days due on February 26, 2018	Prepayment not allowed
6	Citi Bank N.A.	Packing Credit	5.15%	INR	150.00	150.00	-	payable on or before April 07, 2018	
7	Bajaj Finance Limited	Purchase order Finance	As agreed from time to time	INR	420.00	420.00	-	Bullet Repayment on due date for the tranche	Prepayment allowed
8	Bajaj Finance Limited	Purchase order Finance	As agreed from time to time	INR	35.34	35.34	-	Bullet Repayment on due date for the tranche	Prepayment allowed
				Total	**1,833.64**	**1,659.16**	**174.48**		

Annexure IX
Restated Consolidated Statement of Other Non Current Liabilities

(₹ in Million)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
Other Non current Financial Liabilities				
Security deposits	5.52	5.16	4.68	4.20
Creditors for capital goods	0.36	24.08	31.98	40.78
Employee benefits payable	59.65	61.93	38.04	56.53
Redemption liability of non controlling interest	44.32	-	-	-
Total of Other Non current Financial Liabilities (A)	109.85	91.17	74.70	101.51
Other Non current liabilities				
Advance received from customer	16.45	20.40	-	-
Deferred government grant	240.34	62.77	79.46	120.40
Total of Other Non current liabilities (B)	256.79	83.17	79.46	120.40
Total (A+B)	**366.64**	**174.34**	**154.16**	**221.91**

Annexure X
Restated Consolidated Statement of Investments

(₹ in Million)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
Non-current investments				
Investment in debt instruments at FVPL (unquoted)	3.21	-	-	-
Investment in equity instruments at FVPL (unquoted)				
The Saraswat Co-Operative bank limited	0.14	0.14	0.14	0.14
Investment in Government securities at amortised cost (unquoted)				
National saving certificates	0.06	0.06	0.06	0.06
Total non current investment (B)	3.41	0.20	0.20	0.20
Aggregate amount of unquoted investments	3.41	0.20	0.20	0.20
Aggregate amount of impairment in the value of investments	-	-	-	-
Current Investments				
Franklin India Blue Chip Fund Growth December 31, 2017: Nil (March 31, 2017 :Nil, March 31, 2016: 10,304.34 Units, March 31, 2015: 10,304.34 Units)	-	-	3.55	3.66
HDFC Top 200 Fund-Growth December 31, 2017: Nil (March 31, 2017: Nil, March 31, 2016: 21,019.10 Units , March 31, 2015: 21,019.10 Units)	-	-	6.50	7.20
ICICI Prudential Focus Bluechip Equity Fund December 31, 2017: Nil (March 31, 2017: Nil, March 31, 2016: 5,00,080.61 Units , March 31, 2015: 244,490.72 Units)	-	-	13.76	7.21
Canara Robeco Equity Diversified Fund December 31, 2017: Nil (March 31, 2017: Nil, March 31, 2016: 1,27,986.11 Units , March 31, 2015: 62,461.46 Units)	-	-	11.02	6.12
LIC MF Liquid Fund December 31, 2017: 71078.285 Units (March 31, 2017: Nil, March 31, 2016: 30,786.81 Units , March 31, 2015: 78,971.82 Units)	220.13	-	84.57	198.97
Total current investments (C)	220.13	-	119.40	223.16
Aggregate amount of unquoted investments	220.13	-	119.40	223.16
Aggregate amount of impairment in the value of investments	-	-	-	-
Total (A+B+C)	**223.54**	**0.20**	**119.60**	**223.36**

Annexure XI
Restated Consolidated Statement of Trade Receivable

(₹ in Million)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
Trade receivables				
Trade receivables	15,498.62	11,464.88	11,920.63	10,729.27
Receivable from related parties (refer annexure V, note 39)	104.92	66.06	62.95	87.00
Less: Allowances for doubtful debts	(157.38)	(148.09)	(131.80)	(101.78)
	15,446.16	11,382.85	11,851.78	10,714.49
Breakup of Trade receivable				
Unsecured considered good	15,446.16	11,382.85	11,852.03	10,714.49
Unsecured considered doubtful	157.38	148.09	131.80	101.78
Less: Provision for Doubtful debts	(157.38)	(148.09)	(131.80)	(101.78)
Total	**15,446.16**	**11,382.85**	**11,852.03**	**10,714.49**

Transferred Receivables
The carrying amounts of trade receivables include receivable which are subject to a bill discounting arrangement. Under the arrangement, the company has transferred the relevant receivables to the factor/ bill discounting in exchange for cash and is prevented from selling or pledging the receivables. However, company has retained credit risk. The company therefore continues to recognise the transferred assets in its balance sheet. The amount repayable under the bill discounting agreement is presented as secured borrowing (refer Annexure VII)

The relevant carrying amounts are as follows:

Total transferred receivables	323.94	245.75	1,155.89	2,034.39

Note:
1 There are no amounts recoverable from Directors or Promoters of the Company.
2 The list of persons/entity classified as "Promoters and promoter group Company" has been provided by the management and relied upon by the auditor.

Annexure XII
Restated Consolidated Statement of Loans

(₹ in Million)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
Non current loans				
Security Deposits	101.34	82.59	63.76	58.52
Total of (A)	101.34	82.59	63.76	58.52
Current loans				
Unsecured considered good				
Loans to employees	19.42	5.94	11.49	5.84
Security Deposits	36.60	36.35	28.30	30.75
Total (B)	56.02	42.29	39.79	36.59
Total (A+B)	**157.36**	**124.88**	**103.55**	**95.11**

Note:
1 There are no amounts recoverable from Director or Promoters of the Company except as stated above.
2 The list of persons/entity classified as "Promoters and promoter group Company" has been provided by the management and relied upon by the auditors.

Annexure XIII
Restated Consolidated Statement of Other Income

(₹ in Million)

Particulars	Nature (Recurring / Non Recurring)	For nine months ended December 31, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)
Other Income:					
Rent Income					
- from Investment properties	Recurring	24.38	31.89	29.64	35.63
- from Others	Recurring	6.83	8.79	6.19	5.90
Dividend Income	Non Recurring	0.03	-	-	-
Interest income					
- from financial assets measured at amortised cost	Recurring	1.21	4.12	2.39	0.97
- Others	Non Recurring	3.53	10.91	28.53	19.56
Unwinding of discount on security deposit	Recurring	1.12	0.50	0.27	-
Net gain on disposal of property, plant and equipment	Non Recurring	-	-	17.69	-
Net gain on sale of investments	Non Recurring	2.38	59.41	10.70	22.18
Government grants	Recurring	104.73	117.31	46.56	55.79
Net foreign exchange gain	Non Recurring	-	265.11	-	542.89
Miscellaneous income	Non Recurring	70.99	166.56	67.73	194.02
Total		**215.20**	**664.60**	**209.70**	**876.94**
Add/(Less) Restatement adjustments: (refer Annexure VI)					
Interest on Income Tax refund		-	-	(3.50)	-
Adjustment pertaining to translation of foreign operation		-	272.69	-	-
Total		-	**272.69**	**(3.50)**	**-**
Other income (net of restatement adjustments)		**215.20**	**937.29**	**206.20**	**876.94**

Note:
1 The classification of income into recurring and non-recurring is based on the current operations and business activities of the Group.

Annexure XIV
Restated Consolidated Statement of Accounting Ratios

(₹ in Million)

Sr. No.	Particulars	For nine months ended December 31, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)
1	Restated profit /(Loss) attributable to equity shareholders after tax (₹ in Million)	3,079.20	3,030.10	3,693.59	129.57
2	Profit attributable to equity shareholders (₹ in Million) - for Basic EPS	3,079.20	3,030.10	3,693.59	129.57
3	Profit attributable to equity shareholders (₹ in Million) - for Diluted EPS	3,079.20	3,071.70	2,426.12	3,909.97
4	Weighted average number of shares outstanding during the period/ year - Basic (refer note 6 below)	134,811,530	109,250,280	96,135,020	96,135,020
5	Weighted average number of shares outstanding during the period/year - Diluted (refer note 6 below)	134,811,530	112,893,980	111,465,870	111,342,940
6	Number of Equity Shares outstanding at the end of the period/ year (after considering effect of shares spilt - refer Annexure V, note 13)	123,127,760	114,604,170	96,135,020	96,135,020
7	Net Worth for Equity Shareholders (₹in Million)	26,111.03	21,833.55	17,462.54	10,824.89
8	Accounting Ratios				
	Basic EPS (Amount in ₹)	22.84	27.74	38.42	1.35
	Diluted EPS (Amount in ₹)	22.84	27.21	21.77	1.35
	Return on Net Worth for Equity Shareholders (%)	11.79%	13.88%	21.15%	1.20%
	Net asset value per equity share (₹)	212.06	190.51	181.65	112.60

1. The ratios on the basis of Restated Consolidated financial information have been computed as below:

$$\text{Basic Earnings per share (₹)} = \frac{\text{Net profit as restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$$

$$\text{Diluted Earnings per share (₹)} = \frac{\text{Net profit as restated, attributable to equity shareholders}}{\text{Weighted average number of dilutive equity shares outstanding during the year}}$$

$$\text{Return on net worth (\%)} = \frac{\text{Net profit after tax as restated}}{\text{Net worth as restated at the end of the year}}$$

$$\text{Net Asset Value (NAV) per equity share (₹)} = \frac{\text{Net worth as restated at the end of the year}}{\text{Number of equity shares outstanding at the end of the year}}$$

2 Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during the year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.

3 Net worth for ratios mentioned in Sr. No. 7 is = Equity share capital + Reserves and surplus (including Retained Earnings, General Reserve, Debenture redemption reserve, Capital redemption reserve, Capital reserve, Statutory reserve, Security premium reserve)+ Other Reserves (Foreign Currency Translation Reserve, Cash Flow Hedge, Equity Component of CCPS))

4 The above ratios have been computed on the basis of the Restated Consolidated Financial Information- Annexure I & Annexure II.

5 Accounting ratios for the nine months period ended December 31, 2017 have not been annualised.

6 Subsequent to the period ended December 31, 2017, the Company has sub divided the face value per equity share from ₹ 10 to ₹ 1, Accordingly Basic and Diluted earnings per share presented above have been adjusted in accordance with Ind AS 33 - 'Earnings per share' and other ratios has been adjusted appropriately.

Annexure XV
Restated Consolidated Statement of Capitalisation

(₹ in Million)

Particulates	Pre offer as at December 31, 2017
Non current Borrowings	6,754.29
Current borrowings	7,145.15
Current portion of Secured non current borrowings, included in Other Current Liabilities	2,160.40
Debt (A)	16,059.84
Shareholder`s fund	
Share capital	134.81
Other Equity	25,987.90
Total Shareholder's fund (B)	26122.71
Debt/Equity Ratio (A/B)	0.61

Notes:

i) The above has been computed on the basis of the Restated Consolidated Financial Statement of asset and liabilities (Annexure I) of the group as on December 31, 2017.

ii) The shareholders are proposing to have an initial public offering through offer for sale. Hence there will be no change in the shareholder's fund post issue.

Annexure XVI
Restated Consolidated Statement of Dividend Paid

Particulars	For nine months ended December 31, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)
Dividend on Equity Shares:				
Number of equity shares outstanding**	12,312,776	11,460,417	9,613,502	9,613,502
Dividend paid (₹ in million)	-	-	-	-
Interim dividend (₹ in million)	-	37.04	37.04	30.34
Dividend Distribution tax (₹ in million)	-	8.87	4.67	6.40
Rate of Dividend (%)	-	35%	35%	28.50%
Dividend per Equity Share (₹)**	-	3.50	3.50	2.85
Dividend on Preference shares (0.001% Series "A" Compulsorily Convertible Preference shares)				
Number of Preference shares outstanding	-	-	16,623,365	-
Dividend paid (₹ in million)	-	-	-	-
Interim dividend (₹ in million)	-	-	*	-
Dividend Distribution tax (₹ in million)	-	-	-	-
Rate of Dividend (%)	-	-	0.001%	
Dividend per Preference Share (₹)	-	-	0.0001	-

*Amount below rounding off norm adopted by the group.

** Above mentioned number of equity shares outstanding and dividend per equity share are without considering impact of shares split.

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Varroc Engineering Limited

Varroc Engineering Limited

Annexure I A

Restated Consolidated Statement of Assets and Liabilities

(₹ in Million)

PARTICULARS	Notes / Annexures	As at March 31, 2014	As at March 31, 2013
Equity and Liabilities			
Shareholders' funds			
Share Capital	Annexure V A Note 1	**404.66**	104.66
Reserves and Surplus	Annexure V A Note 2	**10,544.56**	7,001.56
		10,949.22	7,106.22
Minority Interest		**305.46**	232.12
Non- current liabilities			
Long-term borrowings	Annexure VII A & Annexure VIII A	**6,367.84**	8,777.83
Deferred tax liabilities (net)	Annexure V A Note 3	**499.72**	539.19
Other long term liabilities	Annexure IX A	**188.39**	190.61
Long-term provisions	Annexure V A Note 4	**563.82**	535.78
		7,619.77	10,043.41
Current liabilities			
Short term borrowings	Annexure VII A & Annexure VIII A	**2,346.92**	2,036.86
Trade payables	Annexure V A Note 5	**11,397.27**	9,398.59
Other current liabilities	Annexure V A Note 6	**6,496.74**	4,579.22
Short term provisions	Annexure V A Note 7	**543.03**	568.30
		20,783.96	16,582.97
Total		**39,658.41**	33,964.72
Assets			
Non-current assets			
Fixed assets			
Tangible assets	Annexure V A Note 8	**13,389.46**	11,820.27
Intangible assets	Annexure V A Note 9	**1,430.44**	697.07
Capital work-in-progress		**3,125.92**	3,467.40
Intangible assets under development		**60.71**	296.07
Non-current investments	Annexure X A	**500.17**	12.20
Long-term loans and advances	Annexure XII A	**591.52**	305.11
Other non-current assets	Annexure V A Note 10	**66.70**	15.11
Goodwill on consolidation	Annexure V A Note 11	**275.07**	250.30
		19,439.99	16,863.53
Current assets			
Current investments	Annexure X A	**537.28**	16.50
Trade receivables	Annexure XI A	**7,731.73**	8,186.90
Inventories	Annexure V A Note 12	**7,778.03**	5,340.10
Cash and bank balances	Annexure V A Note 13	**2,560.09**	1,863.40
Short-term loans and advances	Annexure XII A	**1,356.46**	1,453.52
Other current assets	Annexure V A Note 14	**254.83**	240.77
		20,218.42	17,101.19
Total		**39,658.41**	33,964.72

The above statement should be read with the Basis of Preparation and Significant Accounting Policies appearing in Annexure IV A and Notes to the Restated Consolidated Financial Statements appearing in Annexure V A and Statement of Adjustments to Audited Consolidated Financial Statements appearing in Annexure VI A.

As per our report of even date

For and on behalf of the Board of Directors

For Price Waterhouse & Co Chartered Accountants LLP
Chartered Accountants
Firm Registration No: 304026E/E-300009

NARESH CHANDRA
Chairman

TARANG JAIN
Managing Director

GAUTAM KHANDELWAL
Director

T.R.SRINIVASAN
Group Chief Financial Officer

RAKESH M.DARJI
Company Secretary

AMIT BORKAR
Partner
Membership No : 109846
Place : Pune
Date : March 25, 2018

Place : Mumbai
Date : March 25, 2018

Annexure II A

Varroc Engineering Limited

Restated Consolidated Statement of Profit and Loss

(₹ in Million)

PARTICULARS	Notes / Annexures	For the year ended March 31, 2014	For the year ended March 31, 2013
Revenue			
Revenue from operations (net)	Annexure V A Note 15	**61,163.47**	42,102.43
Other Income	Annexure XIII A	**230.20**	150.51
Total		**61,393.67**	42,252.94
Expenses			
Cost of goods sold		**35,994.40**	25,475.29
Employee benefits expense	Annexure V A Note 16	**9,369.60**	5,802.90
Finance costs	Annexure V A Note 17	**1,002.97**	837.31
Depreciation and amortization	Annexure V A Note 18	**2,380.23**	1,790.08
Other expenses	Annexure V A Note 19	**11,804.31**	8,303.61
Total		**60,551.51**	42,209.19
Profit before tax		**842.16**	43.75
Tax expense			
Current tax			
Current tax		**575.30**	461.37
MAT Credit entitlement		**(113.14)**	36.02
Net Current tax		**462.16**	497.39
Deferred tax		**(49.04)**	(192.52)
Total tax expense		**413.12**	304.87
Profit/(Loss) for the year after tax and before minority interest		**429.04**	(261.12)
Minority interest		**8.61**	(6.77)
Profit/(Loss) for the year		**420.43**	(254.35)
Basic earnings/(loss) per equity share	Annexure V A Note 20	4.02	(2.65)
Diluted earnings/(loss) per equity share		4.01	(2.65)

The above statement should be read with the Basis of Preparation and Significant Accounting Policies appearing in Annexure IV A and Notes to the Restated Consolidated Financial Statements appearing in Annexure V A and Statement of Adjustments to Audited Consolidated Financial Statements appearing in Annexure VI A.

As per our report of even date

For and on behalf of the Board of Directors

For Price Waterhouse & Co Chartered Accountants LLP
Chartered Accountants
Firm Registration No: 304026E/E-300009

NARESH CHANDRA
Chairman

TARANG JAIN
Managing Director

GAUTAM KHANDELWAL
Director

T.R.SRINIVASAN
Group Chief Financial Officer

RAKESH M.DARJI
Company Secretary

AMIT BORKAR
Partner
Membership No : 109846
Place : Pune
Date : March 25, 2018

Place : Mumbai
Date : March 25, 2018

Varroc Engineering Limited
Restated Consolidated Statement of Cash Flows

Sr. No.	Particulars	For the year ended March 31, 2014 (Amount ₹ in Million)		For the year ended March 31, 2013 (Amount ₹ in Million)	
A	**Cash flow from operating activities**				
	Net profit before tax		**842.16**		43.75
	Adjustment for:				
	Depreciation and amortization expense	**2,380.23**		1,790.08	
	Loss/(Profit) on sale of tangible/ intangible assets	**8.26**		(8.22)	
	Provision for impairment of goodwill	**-**		48.23	
	Provision for doubtful debts and advances	**91.38**		16.10	
	Finance costs	**1,002.97**		837.31	
	Expenses in connection with the issue of shares	**42.27**		-	
	Writeback of Mark to market loss on derivative option contract	**(60.55)**		-	
	Profit on sale of investments	**(6.92)**		(3.88)	
	Write back of provision for diminution in value of investments	**(8.00)**		-	
	Interest income	**(25.19)**	**3,424.45**	(53.96)	2,625.66
	Operating profits before working capital changes		**4,266.61**		2,669.41
	Adjustments for changes in:				
	Trade payables	**1,768.58**		4,069.92	
	Other liabilities and provisions	**1,103.52**		1,115.80	
	Inventories	**(2,388.03)**		(1,215.24)	
	Trade Receivables	**380.19**		(3,961.16)	
	Loans and advances and other assets	**96.27**	**960.53**	1,111.97	1,121.29
	Cash generated from operations		**5,227.14**		3,790.70
	Taxes paid		**(626.83)**		(308.71)
	Net cash generated from operating activities		**4,600.31**		3,481.99
B	**Cash flow from investing activities**				
	Interest received	**25.44**		53.18	
	Purchase/ (proceeds from sale) of current investments (net)	**(513.86)**		19.80	
	Proceeds from disposal of non current investments	**20.00**		-	
	Proceeds from sale of tangible/intangible assets	**99.22**		113.23	
	Purchase of tangible/intangible assets	**(2,849.49)**		(3,001.89)	
	Fixed deposits placed (net)	**(25.46)**		(117.89)	
	Capital Subsidy received	**331.69**		277.19	
	Purchase of non current investments/business	**(500.00)**		(4,396.55)	
	Net cash used in investing activities		**(3,412.46)**		(7,052.93)
C	**Cash flow from financing activities**				
	Proceeds from issue of shares	**3,000.00**		-	
	Proceeds from issue of shares to minority shareholders in subsidiaries	**46.30**		-	
	Increase/(Decrease) in borrowings (net)	**(2,778.80)**		5,229.51	
	Expenses in connection with the issue of shares	**(42.27)**		-	
	Dividend on equity and preference shares, including tax thereon	**(7.47)**		(26.71)	
	Interest paid	**(1,029.85)**		(864.27)	
	Net cash generated from financing activities		**(812.09)**		4,338.53
	Net increase (Decrease) in Cash and cash equivalents		**375.76**		**767.59**
	Opening cash and cash equivalents		**1,683.09**		487.18
	Add : Cash & Cash Equivalents acquired on purchase of business		-		428.20
	Add: Effect of exchange difference on translation of foreign currency cash and cash equivalents		286.91		0.12
	Total		**1,970.00**		**915.50**
	Closing cash and cash equivalents		**2,345.76**		**1,683.09**
	Net increase (Decrease) in Cash and Cash Equivalents		**375.76**		**767.59**
	Cash and cash equivalents consists of				
	Cash in hand		1.50		1.60
	Bank balances				
	Current accounts		2,317.66		1,618.96
	Fixed deposits (less than 3 months maturity)		26.60		62.53
			2,345.76		**1,683.09**

Notes:

1 Cash Flow statement has been prepared under the 'Indirect Method' set out in Accounting Standard (AS) - 3: "Cash Flow Statements".
2 Figures in brackets represent out flows of cash and cash equivalents.
3 The above statement should be read with the Basis of Preparation and Significant Accounting Policies appearing in Annexure IV A and Notes to the Restated Consolidated Financial Information appearing in Annexure V A and Statement of Adjustments to Audited Consolidated Financial Statements appearing in Annexure VI A.

As per our report of even date

For and on behalf of the Board of Directors

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration No: 304026E/E-300009
Chartered Accountants

NARESH CHANDRA
Chairman

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Managing Director

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Group Chief Financial Officer

RAKESH M.DARJI
Company Secretary

AMIT BORKAR
Partner
Membership No : 109846
Place : Pune
Date : March 25, 2018

Place : Mumbai
Date : March 25, 2018

Basis of Preparation and Significant Accounting Policies

1 **General information**

Varroc Engineering Limited (the "Company") is engaged in the business of manufacturing of automobile components and services in the automotive industry to Indian and global customers. The Group has 9 manufacturing plants, 3 research and development centres and 3 wind power and 1 solar power projects in India and caters to customers both in the domestic and international markets. The Company, its subsidiaries and jointly controlled entities operate from manufacturing plants and Technical and development centres across 3 continents and 10 countries spread across the globe.

2 **Principles of consolidation and significant accounting policies**

The consolidated financial statements relates to the Company, its subsidiaries and jointly controlled entities (the "Group").

a) **Basis of preparation**

The Restated Consolidated Statement of Assets and Liabilities of the Group as at March 31, 2014 and 2013 and the Restated Consolidated Statement of Profit and Loss and the Restated Consolidated Statement of Cash flows, for the years ended March 31, 2014 and 2013 (together referred as 'Restated Consolidated Financial Information') and Other Consolidated Financial Information have been extracted by the Management from the Audited Consolidated Financial Statements of the Group for the respective years (“Audited Consolidated Financial Statements”).

The Audited Consolidated Financial Statements were prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to circular 15/2013 dated 13.09.2013 read with circular 08/2014 dated 04.04.2014, till the Standards of Accounting or any addendum thereto were prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 continued to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956.

The Restated Consolidated Financial Information have been prepared by the management in connection with the proposed listing of equity shares of the Company by way of an initial public offer, which is to be filed by Company with the SEBI, Registrar of Companies, Mumbai and the concerned Stock Exchange in accordance with the requirements of:

a) Section 26 read with applicable provisions within Rules 4 to 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 to the Companies Act, 2013; and

(b) The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by the Securities and Exchange Board of India ("SEBI") on August 26, 2009, as amended from time to time read along with the SEBI circular SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016 (together referred to as the “SEBI Regulations”).

These Restated Consolidated Financial Information and Other Consolidated Financial Information have been extracted by the Management from the Audited Consolidated Financial Statements and :

• There were no audit qualifications on these financial statements,
• There were no changes in accounting policies during the years of these financial statements,
• Material amounts relating to adjustments for previous years in arriving at profit/loss of the years to which they relate, have been appropriately adjusted,
• Adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the Audited Consolidated Financial Statements of the Group as at March 31, 2014 and the requirements of the SEBI Regulations, and
• The resultant tax impact on above adjustments has been appropriately adjusted in deferred tax in the respective years and the impact of current tax in respect of short/excess income tax arising out of assessments, appeals, revised income tax returns, etc., has been adjusted in the current tax of respective years to which they relate.

b) **Principles of Consolidation**

i) The financial statements of the subsidiary companies and jointly controlled entities used in the consolidation are drawn up to the same reporting date as of the Company i.e. year ended March, 31, 2014 and March 31, 2013.

ii) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any, have been made in the consolidated financial statements.

iii) The financial statements of the subsidiary companies have been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. The intra group balances, intra group transactions and unrealised profits have been fully eliminated in accordance with AS-21.

iv) The Group's interest in jointly controlled entities are accounted for using proportionate consolidation. The Group combines its share of the jointly controlled entities' individual income and expenses, assets and liabilities and cash flows on a line by line basis with similar items in the Group's financial statements.

v) The difference between the cost of investment in the subsidiaries and jointly controlled entities, over the net assets at the time of acquisition of investment is recognised in the financial statements as Goodwill or Capital Reserve on consolidation as the case may be.

vi) Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.

vii) The assets and liabilities of non-integral foreign operations are translated at the year end exchange rate and all the items in the Statement of Profit and Loss are translated at the average exchange rate prevailing during the year. The resultant translation gains and losses are shown separately as ‘Foreign currency translation reserve’ under Reserves and Surplus. These are transferred to the Statement of Profit and Loss on disposal of the non-integral foreign operations.

viii) The list of subsidiaries and jointly controlled entities considered in the Restated Consolidated financial statements:

Sr no.	Name of the Company	Country of incorporation	% of holding either directly or through subsidiaries as at March 31, 2014#	% of holding either directly or through subsidiaries as at March 31, 2013#
	Direct subsidiaries			
1	Durovalves India Private Limited	India	72.78	72.78
2	Varroc Exhaust Systems Private Limited	India	100	100
3	Varroc Lighting Systems (India) Private Limited	India	100	100
4	Varroc European Holding B.V.	Netherlands	100	100
5	Aries Mentor Holding B.V.	Netherlands	100	100
6	VarrocCorp Holding B.V.	Netherlands	100	100
	Step down subsidiaries			
1	Industrial Meccanica E Stampaggio S.p.a.	Italy	100	100
2	Industrial Meccanica E Stampaggio Sp.z.oo.	Poland	100	100
3	Esex Forging s.r.l. (under liquidation)	Italy	100	100
4	TRI.O.M., S.p.A.	Italy	80	80
5	TRI.O.M., Vietnam Co. Ltd.	Vietnam	80	80
6	Electromures SA, Romania.	Romania	80	80
7	Varroc Lighting Systems SRO, Czech Republic.	Czech Republic	99.99	99.99
8	Varroc Lighting Systems Inc.	USA	99.99	99.99
9	Varroc Lighting Systems GmBH.	Germany	99.99	99.99
10	Varroc Lighting Systems S.de.R.L. De. C.V.	Mexico	100	100

ix) The following jointly controlled companies are considered in the Restated Consolidated financial statements:

1	Nuova CTS S.r.l	Italy	50	50
2	Varroc TYC Corporation.	British Virgin Islands	50	50
3	Varroc TYC Auto lamps Co. Ltd	China	50	50

Represents effective holding

c) **Summary of significant accounting policies**

(I) Revenue Recognition

Sale of goods: Sales are recognised when the substantial risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract and are recognised net of trade discounts, rebates, sales taxes and excise duties.

Sale of services : Income from services is recognised on the basis of time/work completed as per contract with the customers

(II) Other Income

Interest: Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
Dividend: Dividend income is recognised when the right to receive dividend is established.

(III) Fixed Assets

(i) **Tangible Assets**

Tangible Assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any, except in case of certain assets which are at revalued amount.
Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.
Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of Profit and Loss.
Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

(ii) **Intangible Assets**

Intangible Assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives. A rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use is considered by the management. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss on straight line basis.

(IV) Depreciation And Amortization

i) Depreciation is provided on Straight Line Method basis (SLM) over the estimated useful lives of the assets. Estimated useful lives of assets are as follow:

Class of Assets	**Estimated useful life (Years)**
Leasehold land	Amortised over the period of lease
Buildings	30 to 50
Plant and Machinery	
General Plant and Machinery	10 to 15
Moulds	5 to 7
Computers	5 to 7
Vehicles	4 to 7
Furniture and Fixtures	5 to 15
Other assets	4 to 10
Software and ERP System	3 to 5

ii) Product development costs are amortised over a period of 3 to 5 years.

iii) In respect of assets whose useful life has been revised , the unamortised depreciable amount is charged over the revised remaining useful life.

(V) Impairment of Assets

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

(VI) Lease

Finance lease : Lease rentals are apportioned between the finance charge and the reduction of the outstanding liability. The outstanding liability is included in other long-term borrowings. The finance charge is charged to the Statement of Profit and Loss over a lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Operating lease : Lease rentals in respect of assets taken on operating leases are recognised in the Statement of Profit and Loss on straight line basis over the lease term.

(VII) Borrowing Cost

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

(VIII) Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

(IX) Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(X) Government Grants

i) The Company is entitled to various incentives from State Government. Government grants in the nature of promoters' contribution are credited to capital reserve and treated as a part of shareholders' funds.

Government Grants are recognised when the following conditions are satisfied:

- There is a reasonable assurance that the Company will comply with the condition attached to it.
- Such benefits are earned and reasonable certainty exists of the collection.

An assessment is done at each balance sheet date of the recoverability of the amount of grant recognized, any excess of the carrying amount over the recoverable amount is reduced from the capital reserve

ii) The Group has also received government grants against specific depreciable assets. Such grant is treated as deferred income. Deferred income is recognised in the Statement of Profit and Loss on a systematic and rational basis over the useful life of the asset against which the grant has been received.

(XI) Foreign Currency Transactions

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period. With respect to long-term foreign currency monetary items, from April 1, 2011 onwards, the Company has adopted the following policy:

• Foreign exchange difference on account of a depreciable asset, is adjusted in the cost of the depreciable asset, which would be depreciated over the balance life of the asset.

• In other cases, the foreign exchange difference is accumulated in a Foreign Currency Monetary Item Translation Difference Account, and amortised over the balance period of such long term asset/ liability.

A monetary asset or liability is termed as a long-term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of 12 months or more at the date of origination of the asset or liability.

Exchange differences on restatement of all other monetary items are recognised in the Statement of Profit and Loss.

Derivative Contracts

Derivative contracts outstanding as at the year end on account are marked to market and the losses, if any, are recognised in the Statement of Profit and Loss and gains are ignored in accordance with the Announcement of Institute of Chartered Accountants of India on 'Accounting for Derivatives' issued in March 2008.

(XII) Employee Benefits

a) Defined contribution plans: The Group makes contributions to funds for certain employees to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Group does not carry any further obligations, apart from the contributions made on periodic basis.

b) Defined benefits plans: The Group has various defined benefit plans. These plans provides a lump sum payment to vested employees at retirement/ death/ incapacitation/ termination of employment, of an amount based mainly on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

c) Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

(XIII) Taxes on Income

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax asset on unabsorbed depreciation and carry forward of losses is recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum Alternative Tax credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period.

Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period

(XIV) Provisions and Contingent Liabilities

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

(XV) Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

(XVI) Earnings Per Share

Basic earnings per share is 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. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity 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 is adjusted for the effects of all dilutive potential equity shares.

1 Share Capital *(₹ in Million)*

Particulars	As at March 31, 2014	As at March 31, 2013
Authorised		
11,000,000 equity shares of ₹ 10 each.	110.00	110.00
31,000,000 (previous year : 20,000,000) preference shares of ₹ 10 each.	310.00	200.00
	420.00	310.00
Issued, subscribed and paid-up		
10,465,851 (previous year : 10,465,849) equity shares of ₹ 10 each (fully paid-up).	104.66	104.66
29,999,980 (previous Year : Nil) 0.001% Series "A" compulsorily convertible preference shares of ₹ 10 each (fully paid up).	300.00	-
Total	**404.66**	**104.66**

a) Reconciliation of shares outstanding at the beginning and at the end of the year

Equity shares	**Nos.**	**(₹ in Million)**	**Nos.**	**(₹ in Million)**
Balance as at the beginning of the year	10,465,849	104.66	10,077,500	100.78
Add: Issued/converted during the year (refer note b(i) below)	2	*	388,349	3.88
Balance as at the end of the year	**10,465,851**	**104.66**	10,465,849	104.66
Preference shares				
Balance as at the beginning of the year		-	20,000,000	200.00
Less: Converted to equity shares during the year		-	20,000,000	200.00
Add: 0.001% Series "A" Compulsorily convertible preference shares issued during the year (refer note b(ii) below)	29,999,980	300.00	-	
Balance as at the end of the year	**29,999,980**	**300.00**	-	-

Note: a)During the year ended March 31, 2013, pursuant to a special resolution passed in the extraordinary general meeting dated March 4, 2013, 20,000,000 7% Cumulative redeemable optionally convertible preference shares of ₹10 each were converted into 388,349 equity shares of ₹10 each at a premium of ₹ 505 per share.

* Amount is below the rounding off norm of the Company.

b) Rights, preferences and restrictions attached to shares

i) Equity shares:
During the year ended March 31, 2014, the Company has issued and allotted 2 equity shares having face value of ₹ 10 each at a premium of ₹ 990 per equity share to Omega TC Holdings Pte. Ltd. and TATA Capital Financial Services Limited (collectively referred to as "PE Investors"). The new Equity Shares rank pari-passu with the existing equity shares.

Until all the Series "A" CCPS (refer note ii below) are converted into Equity Shares, the said PE Investors shall be entitled to vote at each meeting of the holders of Equity Shares of the Company to the extent of 9% (nine percent) of the Equity Share Capital on a fully diluted basis. The remaining 91% voting rights are with other equity shareholders of the Company in proportion to the number of shares held by them. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

ii) Series "A" Compulsorily convertible preference shares (Series "A" CCPS) : During the year ended March 31, 2014 , the Company has issued and allotted 29,999,980 number of 0.001% Series A CCPS having face value of ₹ 10 each at a premium of ₹ 90 per share. The said Series "A" CCPS shall be cumulative, mandatorily and fully convertible preference shares.
The holder of each Series "A" CCPS shall be entitled to preferential dividend at the rate of 0.001% per year. The amount of dividend accrued on each Series "A" CCPS during a financial year will be distributed by the Company to the Investors by way of preferential dividend on April 1st of the subsequent financial year. Series "A" CCPS shall be converted into fully paid Equity Shares using the conversion variables to be determined in accordance with the terms of the Subscription Agreement and Shareholders Agreement. On conversion of the Series "A" CCPS into Equity shares, the holders of the Series "A" CCPS shall be issued fully paid up Equity shares without any additional consideration.
The Series "A" CCPS can be converted into equity shares any time after September 30, 2016 in terms of the provisions of the agreements entered into with PE Investors.

c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2014		**As at March 31, 2013**	
Equity shares	% of shareholding	Number of shares	% of shareholding	Number of shares
Mr. Tarang Jain	57.05%	5,970,500	57.05%	5,970,500
Mrs. Suman Jain	11.53%	1,207,000	11.53%	1,207,000
Mr. Naresh Chandra	11.19%	1,171,600	11.19%	1,171,600
M/s Varroc Polymers Private Limited	8.14%	852,349	8.14%	852,349
Mr. Tarang Jain & Rochna Jain	7.79%	814,900	7.79%	814,900
Preference shares				
Omega TC Holdings Pte. Ltd.	91.60%	27,478,973	-	-
Tata Capital Financial Services Limited	8.40%	2,521,007	-	-

d) Aggregate number of bonus shares issued during the five years immediately preceding March 31, 2014	No. of shares
Equity shares allotted as fully paid up bonus shares by capitalisation of profits transferred from Securities premium and General reserve during the ended March 31, 2011. There are no other bonus shares issued during the last five years.	9,730,000

2 Reserves and Surplus *(₹ in Million)*

Particulars	As at March 31, 2014	As at March 31, 2013
Securities Premium		
Balance as at the beginning of the year	965.72	-
Additions during the year	2,700.00	196.11
Transfer from Business Reconstruction reserve account (refer note 30)	-	769.61
Balance as at the end of the year	**3,665.72**	965.72
Statutory reserves		
Balance as at beginning of the year	11.61	11.61
Add: Amount transferred from surplus in the Statement of Profit and Loss	47.73	-
Balance as at the end of the year	59.34	11.61
Capital reserve on consolidation		
Balance as at the beginning of the year	156.48	188.19
Add: Impact of Foreign currency translation	32.41	-
Less : Adjusted on account of purchase of additional stake in subsidiary	-	31.71
Balance as at the end of the year	188.89	156.48
Capital reserve		
Balance as at the beginning of the year	2,260.23	-
Add: Addition during the year on account of acquisition of subsidiary(refer note 24)	-	627.23
Add: Balance transferred from Business Reconstruction reserve account (refer note 30)	-	1,633.00
Balance as at the end of the year	2,260.23	2,260.23
Business Reconstruction reserve account (refer note 30)		
Balance as at the beginning of the year	-	2,499.21
Less:- Utilisation during year	-	96.60
Less:- Transfer to Securities Premium	-	769.61
Less:- Transfer to Capital reserve	-	1,633.00
Balance as at the end of the year	-	-
General reserve		
Balance as at the beginning of the year	4,202.22	1,519.51
Add : Adjustment on account of purchase of additional stake in subsidiary	-	36.30
Add : Amount transferred from surplus in the Statement of Profit and Loss	10.81	12.40
Add : Addition during the year on account of acquisition of subsidiary	-	2,634.01
Balance as at the end of the year	**4,213.03**	**4,202.22**
Foreign currency translation reserve		
Balance as at the beginning of the year	(189.52)	(212.19)
Add:- Effects of foreign exchange rate variation during the year	76.16	22.67
Balance as at the end of the year	(113.36)	(189.52)
Foreign currency monetary item translation difference account		
Balance as at the beginning of the year	11.90	-
Add:- On account of revaluation of long term monetary assets/liabilities	(81.28)	13.16
Less:- Amortised during the year	11.18	(1.26)
Balance as at the end of the year	(58.20)	11.90
Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the year	(430.58)	(129.12)
Add: Increase on account of acquisition during the year	-	(8.01)
Add: Profit /(Loss) for the year after minority interest	420.43	(254.35)
Less: Appropriations		
Interim dividend on equity shares	6.80	9.09
Dividend distribution tax on equity shares	5.54	4.28
Interim dividend on preference shares	-	13.33
Dividend on Series "A" Compulsorily convertible preference shares	*	-
Transfer to Statutory reserve	47.73	-
Transfer to General reserve	10.81	12.40
Total appropriation	**70.88**	**39.10**
Balance as at the end of the year	**(81.03)**	**(430.58)**
Capital Subsidy		
Balance as at the beginning and at the end of the year	13.50	13.50
Add:- Received during the year	100.27	-
Add:- Recognition of subsidy receivable under the packaged scheme of incentives from Government of Maharashtra (refer note 31)	296.17	-
Balance as at the end of the year	**409.94**	**13.50**
Total	**10,544.56**	**7,001.56**

* Amount is below the rounding off norm of the Company.

3 Deferred tax liabilities (net) *(₹ in Million)*

Particulars	As at March 31, 2014	As at March 31, 2013
Deferred tax liabilities		
Depreciation and amortization	555.61	538.38
Others*	169.47	187.45
	725.08	**725.83**
Deferred tax assets		
Expenses allowable on payment	73.93	37.75
Provision for employee benefits and doubtful debts and advances	38.55	106.11
Carried forward tax losses	58.30	14.39
Others	54.58	28.39
	225.36	**186.64**
Total	**499.72**	**539.19**

Deferred tax asset on carry forward losses and unabsorbed depreciation is recognised only to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

*Others mainly include deferred tax on disputed claims.

4 Long term provisions *(₹ in Million)*

Particulars	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits	467.32	475.27
Warranty (refer note 7)	96.50	60.51
Total	563.82	535.78

5 Trade Payables *(₹ in Million)*

Particulars	As at March 31, 2014	As at March 31, 2013
Trade payables (including acceptances)	11,397.27	9,398.59
	11,397.27	9,398.59

6 Other current liabilities *(₹ in Million)*

Particulars	As at March 31, 2014	As at March 31, 2013
Current maturities of long term borrowings (refer Annexure VII A)		
Loans from		
Banks and financial institutions	2,129.40	1,560.42
Others (refer note 23)	11.00	9.12
Interest accrued but not due on borrowings	47.19	68.28
Buyers credit (Capital nature)	113.09	375.79
Deferred sales tax liability	30.73	23.47
Advances from customers	1,431.26	904.39
Creditors for capital goods	657.64	282.10
Employees benefits payable	1,204.42	848.17
Statutory dues	325.69	291.61
Other payables	546.32	215.87
Total	6,496.74	4,579.22

7 Short term provisions *(₹ in Million)*

Particulars	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits	57.09	65.42
Mark to market loss on derivative contracts	73.70	111.52
Warranty (Refer note below)	153.34	116.71
Income Tax	238.32	239.66
Others	20.58	34.99
Total	543.03	568.30

Warranty : The Company provides warranties on applicable products, for their satisfactory performance during the warranty period as per the contracts with buyers. Provision for warranty claims arising out of such obligation is made based on such warranty period, which is expected to be three years.

Particulars		
Balance as at the beginning of the year	177.22	14.27
Additions (including on account of acquisition of business)	147.22	193.15
Utilisation/reversal during the year	74.60	30.20
Balance as at the end of the year	249.84	177.22
Current portion	153.34	116.71
Non - current portion	96.50	60.51

8 Tangible assets ***(₹ in Million)***

Particulars	Gross block (refer notes below)					Accumulated depreciation (refer notes below)					Net block
	As at April 1, 2013	Additions	Translation adjustment	Deductions / adjustments	As at March 31, 2014	As at April 1, 2013	For the year	Translation adjustment	On Deductions / adjustments	As at March 31, 2014	As at March 31, 2014
Owned assets											
Freehold Land	507.37	19.13	50.86	-	577.36	-	-	-	-	-	577.36
Buildings	3,021.07	965.99	74.85	39.49	4,022.42	713.27	123.53	25.72	31.97	830.55	3,191.87
Plant, machinery and equipments	29,042.03	1,769.58	3,097.83	845.41	33,064.03	21,855.32	1,811.04	2,531.32	750.18	25,447.50	7,616.53
Furniture and fixtures	62.73	109.51	(0.56)	0.52	171.16	31.44	11.85	(0.01)	0.51	42.77	128.39
Computers	243.81	25.67	12.24	15.13	266.59	174.35	23.54	11.17	15.00	194.06	72.53
Vehicles	120.46	9.37	4.20	23.22	110.81	59.07	18.77	3.13	18.66	62.31	48.50
Leased assets											
Leasehold Land	892.02	-	188.51	-	1,080.53	38.73	32.94	64.13	-	135.80	944.73
Buildings	802.53	-	86.98	-	889.51	42.36	72.83	2.77	-	117.96	771.55
Plant, machinery and equipments	52.71	-	10.02	-	62.73	9.92	12.84	1.97	-	24.73	38.00
Grand Total	**34,744.73**	**2,899.25**	**3,524.93**	**923.77**	**40,245.14**	**22,924.46**	**2,107.34**	**2,640.20**	**816.32**	**26,855.68**	**13,389.46**

Note 1 : In earlier years, the Group had done an upward revaluation of certain land and building located in India of ₹1421.8 Million. The revaluation was based on the fair market value as per the report by an independent valuer. Revalued net block of land and building as on March 31, 2014 is ₹1143.8 Million (March 31, 2013 : ₹1029.0 Million).

Note 2 : Land and building with gross block of ₹ 95.9 Million (March 31, 2013 : ₹ 80.1 Million) located at Poland are held for sale. The accumulated depreciation on the said assets is ₹ 21.9 Million (March 31, 2013 : ₹ 16.4 Million) as on March 31, 2014.

Note 3 : Depreciation for the year ended March 31, 2014 includes provision for impairment of ₹ Nil (year ended March 31, 2013 : ₹ 158.8 Million).

8 Tangible assets *(₹ in Million)*

Particulars	Gross block						Accumulated depreciation						Net block
	As at April 1, 2012	Acquisition of business (Refer note 24)	Additions	Translation adjustment	Deductions/ adjustments	As at March 31, 2013	As at April 1, 2012	Acquisition of business (Refer note 24)	For the year*	Translation adjustment	On Deduction/ adjustments	As at March 31, 2013*	As at March 31, 2013
Owned assets													
Free Hold Land	176.29	224.78	111.70	(5.40)	-	507.37	-	-	-	-	-	-	507.37
Buildings	2,472.09	377.33	159.39	12.67	0.41	3,021.07	525.21	94.89	87.20	6.39	0.41	713.27	2,307.80
Plant, machinery and equipments	11,114.50	17,353.67	1,056.85	(46.20)	436.79	29,042.03	7,324.76	13,448.12	1,471.84	(52.86)	336.55	21,855.32	7,186.71
Furniture and fixtures	52.12	4.14	9.28	-	2.81	62.73	26.03	3.51	4.68	-	2.78	31.44	31.29
Computers	87.73	141.77	47.96	(0.19)	33.46	243.81	59.86	128.05	19.66	0.12	33.34	174.35	69.46
Vehicles	75.69	39.02	11.60	0.13	5.98	120.46	21.52	27.03	14.57	0.06	4.11	59.07	61.39
Leased assets						-							
Lease Hold Land	683.48	198.81	3.31	6.42	-	892.02	27.28	4.98	6.60	(0.13)	-	38.73	853.29
Buildings	-	809.98	-	(7.45)	-	802.53	-	-	43.97	(1.61)	-	42.36	760.17
Plant, machinery and equipments	8.12	-	45.25	(0.66)	-	52.71	0.52	-	9.56	(0.16)	-	9.92	42.79
Grand Total	**14,670.02**	**19,149.50**	**1,445.34**	**(40.68)**	**479.45**	**34,744.73**	**7,985.18**	**13,706.58**	**1,658.08**	**(48.19)**	**377.19**	**22,924.46**	**11,820.27**

* Includes Impairment loss of ₹158.8 Million recognised during the year.

9 **Intangible assets**

(₹ in Million)

Particulars	Gross block						Amortisation						Net Block
	As at April 1, 2013	Acquisition of business	Additions	Translation adjustment	Deductions / adjustments	As at March 31, 2014	As at April 1, 2013	Acquisition of business	For the year	Translation adjustment	Deductions / adjustments	As at March 31, 2014	As at March 31, 2014
Computer software	294.08	-	951.03	(6.48)	9.15	1,229.48	212.74	-	197.24	10.70	9.15	411.53	817.95
Technical know how	703.89	-	-	75.28	-	779.17	88.22	-	75.61	2.89	-	166.72	612.45
Corporate logo, Patents and others	85.09	-	0.01	15.30	82.38	18.02	85.04	-	0.04	15.28	82.38	17.98	0.04
Grand Total	**1,083.06**	**-**	**951.04**	**84.10**	**91.53**	**2,026.67**	**386.00**	**-**	**272.89**	**28.87**	**91.53**	**596.23**	**1,430.44**

Particulars	Gross block						Amortisation						Net Block
	As at April 1, 2012	Acquisition of business (Refer Note 24)	Additions	Translation adjustment	Deductions / adjustments	As at March 31, 2013	As at April 1, 2012	Acquisition of business (Refer Note 24)	For the year	Translation adjustment	Deductions / adjustments	As at March 31, 2013	As at March 31, 2013
Computer software	109.18	122.30	63.63	0.14	1.17	294.08	87.47	104.02	21.54	(0.07)	0.22	212.74	81.39
Technical know how	44.26	-	684.78	(25.15)	-	703.89	43.20	-	46.71	(1.69)	-	88.22	615.72
Corporate logo, Patents and others	76.32	-	9.59	1.06	1.88	85.09	20.76	-	63.75	0.83	0.30	85.04	0.06
Grand Total	**229.76**	**122.30**	**758.00**	**(23.95)**	**3.05**	**1,083.06**	**151.43**	**104.02**	**132.00**	**(0.93)**	**0.52**	**386.00**	**697.07**

10 Other non-current assets *(₹ in Million)*

Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good (unless otherwise stated)		
Long term deposits with maturity more than 12 months	13.04	14.20
Interest accrued on fixed deposits with banks	0.10	0.91
Incentive receivable under packaged scheme of incentives	53.56	-
	66.70	**15.11**

11 Goodwill on consolidation *(₹ in Million)*

Particulars	As at March 31, 2014	As at March 31, 2013
Balance at the beginning of the year	250.30	144.68
Add: Goodwill on investments during the year	-	150.69
Less: Provision for impairment of goodwill	-	48.23
Add: Exchange difference during the year	24.77	3.16
Total	**275.07**	**250.30**
Goodwill on consolidation consists of :		
Goodwill on acquisition of shares in subsidiaries	157.99	151.80
Goodwill on acquisition of shares in joint venture entities	117.08	98.50

12 Inventories *(₹ in Million)*

Particulars	As at March 31, 2014	As at March 31, 2013
Raw materials	2,447.41	1,218.51
Work-in-progress	1,068.52	1,174.20
Tools in process	2,688.28	1,673.40
Finished goods and traded goods	1,195.63	956.29
Stores and spares	253.75	213.60
Loose tools	112.26	90.79
Packing materials	12.18	13.31
Total	**7,778.03**	**5,340.10**

13 Cash and bank balances *(₹ in Million)*

Particulars	As at March 31, 2014	As at March 31, 2013
Cash and cash equivalents		
Cash in hand	1.50	1.60
Bank balances		
Current accounts	2,317.66	1,618.96
Fixed deposits (less than 3 months maturity)	26.60	62.53
Other bank balances		
Term deposits with maturity more than 3 months but less than 12 months	214.33	180.31
Total	2,560.09	1,863.40
[Lodged with the bankers against credit facilities ₹ 193.3 million (Previous year ₹ 236.1 million)]		

14 Other current assets *(₹ in Million)*

Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good (unless otherwise stated)		
Interest accrued on fixed deposits with banks	12.22	9.35
Incentive receivable under packaged scheme of incentives	242.61	231.42
Total	**254.83**	**240.77**

15 Revenue from operations *(₹ in Million)*

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Sale of products		
Finished goods	58,657.78	40,210.00
Traded goods	544.49	907.61
Other operating revenue		
Wind and Solar power generation	68.69	71.60
Job work receipts	62.14	112.01
Scrap sales	303.89	207.31
Management fees	19.89	3.80
Royalty	44.59	5.00
Engineering and other services	1,428.03	565.70
Others	33.97	19.40
Total	**61,163.47**	**42,102.43**

16 Employee benefits expense *(₹ in Million)*

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Salaries, wages and bonus	8,232.71	5,147.28
Contribution to Provident and other funds	679.06	514.06
Staff welfare expenses	457.83	141.56
Total	**9,369.60**	**5,802.90**

17 Finance costs *(₹ in Million)*

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest on borrowings [net of borrowing cost captalised ₹ 37.5 million (previous year ₹ 69.1 million)]	963.10	758.70
Other borrowing costs	39.87	78.61
Total	**1,002.97**	**837.31**

18 Depreciation and amortization *(₹ in Million)*

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Depreciation on tangible assets	2,107.34	1,658.08
Amortization on intangible assets	272.89	132.00
Total	**2,380.23**	**1,790.08**

19 Other expenses *(₹ in Million)*

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Consumption of stores spares, loose tools and packing material	1,323.77	952.16
Labour and Sub-contracting expenses	1,602.28	1,533.98
Power and fuel	1,975.42	1,297.48
Freight outward	1,456.69	685.88
Rent, Rates and taxes (refer note 23)	284.69	249.99
Insurance	87.83	67.04
Repairs and maintenance	1,152.34	691.20
Travelling and conveyance	361.41	217.11
Legal and professional fees	1,881.20	1,411.61
Warranty	147.14	153.33
Exchange Loss (net)	190.96	-
Net loss on sale of tangible/ intangible assets	8.26	-
Guarantee commission paid	19.28	12.10
Research and development expenses	176.41	291.73
Project cost	400.24	215.62
Provision for impairment of goodwill on consolidation	-	48.23
Miscellaneous expenses	736.39	476.15
Total	**11,804.31**	**8,303.61**

20 Earnings per share (EPS) *(₹ in Million)*

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Basic earnings/(loss) per share (Amount in ₹)		
Profit /(loss) after tax and minority interest as restated	420.43	(254.35)
Less : Dividend on preference shares	*	13.33
Profit/(loss) attributable to equity shareholders (₹ in million)	420.43	(267.68)
Weighted average number of shares outstanding (without considering impact of shares split)	10,465,849	10,095,587
Weighted average number of shares outstanding (after considering impact of shares split) (refer note below)	104,658,490	100,955,870
Basic earnings/(loss) per share (Amount in ₹)	4.02	(2.65)
Diluted earnings per share (Amount in ₹)		
Profit/(loss) attributable to shareholders (₹ in Million)	420.43	(254.35)
Add: Dividend on compulsorily convertible preference shares	*	13.33
Profit/(loss) attributable to equity shareholders (₹ in million)	420.43	(267.68)
Weighted average number of shares outstanding (without considering impact of shares split)	10,465,849	10,095,587
Add: Weighted average number of potential equity shares on account of Compulsorily convertible preference shares	24,810	-
Weighted average number of shares outstanding for diluted EPS (without considering impact of shares split)	10,490,659	10,095,587
Weighted average number of shares outstanding for diluted EPS (after considering impact of shares split) (refer note below)	104,906,587	100,955,870
Diluted earnings/(loss) per share (Amount in ₹)	4.01	(2.65)

Note:
Subsequent to the period ended December 31, 2017, the Company has sub divided the face value per equity share from ₹ 10 to ₹ 1. Accordingly, Basic and Diluted earnings per share presented above have been adjusted in accordance with AS 20 - 'Earnings per share'.

* Amount is below the rounding off norms of the Company

21 Contingent liabilities *(₹ in Million)*

Particulars	As at March 31, 2014	As at March 31, 2013
Disputed Excise and Service tax matters	4.26	3.23
Income tax matters	44.56	34.24
Sales tax matters	32.08	29.07
Other money for which the Group is contingently liable	43.72	21.23
The Company has imported certain machinery under the Export Promotion Capital Goods (EPCG) Scheme and accordingly, has an export obligation. (In $)	30.14	46.30
Bank Guarantees outstanding	34.78	32.09

22 Capital and other commitments *(₹ in Million)*

Particulars	As at March 31, 2014	As at March 31, 2013
Estimated amount of contract remaining to be executed on capital account and not provided for (Net of advances)	568.68	356.62

23 Disclosures as required as per Accounting Standard 19 – 'Accounting for Leases' *(₹ in Million)*

Particulars	As at March 31, 2014	As at March 31, 2013
The Group has taken various operating leases for office/ factory facilities that are renewable on a periodic basis. Lease payments in respect of operating leases included in the Statement of Profit and Loss are ₹ 159.7 million (previous year ₹ 203.6 million).		
(A) Non cancellable operating leases :		
Minimum future operational lease payments		
Not Later than one year	79.58	69.85
Later than one year and not later than five years	224.46	271.79
Total (A)	**304.04**	341.64
(B) Finance leases for assets as lease : The Group has taken certain plant and machinery on finance lease. The disclosure as required by AS 19 is as follows		
(a) Minimum future operational lease payments		
Not Later than one year	12.50	10.80
Later than one year and not later than five years	26.40	39.80
Total (a)	**38.90**	**50.60**
(b) Present value of minimum lease rentals payable		
Not later than one year	11.00	9.12
Later than one year but not later than five years	24.10	31.03
Total (b)	**35.10**	40.15
c) Reconciliation of minimum lease payments and present value		
Minimum lease rentals payable as per (a) above	38.90	50.60
Less: Finance charges to be recognized in subsequent years.	3.82	19.90
Total (c)	35.08	30.70
Apart from the above, land and building located at Czech republic is taken on finance lease. The total obligation towards the lease payments have been made in advance as on the date of Balance Sheet.		

24 Acquisition of business: During the year ended March 31, 2013, the Group acquired the lighting division of Visteon Inc. USA, including 50% stake in a Joint venture company in China. The group's shares in total assets, net assets, revenues and in the profit and loss for the year/period :

Total assets	22,890.13	18,618.70
Net assets	4,414.06	4,013.70
Revenue	42,043.30	22,058.80
Profit / (Loss) before tax	428.20	(518.90)

Hence, the previous year's figures of statement of profit and loss are not comparable with those of the year ended March 31, 2014.

25 Related party disclosure

a. Related parties and their relationships

1	Joint Ventures	Nuova CTS S.r.l Varroc TYC Corporation (from January 30, 2013) Varroc TYC Auto Lamps Co. Ltd. (from January 30, 2013)
2	Key Management Personnel	Mr. Tarang Jain - Managing Director Mr. K. Muralidharan - Whole time director Mr. Vineet Sahni - Whole time director (until May 6, 2013)
3	Relatives of Key Management Personnel with whom transactions have taken place	Mr. Naresh Chandra - Father of Mr. Tarang Jain Mrs. Suman Jain - Mother of Mr. Tarang Jain Mrs. Rochana Jain - Wife of Mr. Tarang Jain Mr. Anurang Jain Mr. Arjun Jain -Son of Mr. Tarang Jain
4	Enterprises Owned or controlled by/or over which Parties described in para 2 and 3 or their relatives exercise significant influence where transactions have taken place [Other than those included above]	Varroc Polymers Private Limited Varroc Trading Private Limited Varroc Elastomers Private Limited Endurance Technologies Private Limited Plastic Omnium Varroc Private Limited (until July 2, 2012) Naresh Chandra - HUF Tarang Jain (HUF)

b. Transactions with related parties (inclusive of taxes if any)

	Description of the nature of transactions	**Volume of transactions**		**Amount (₹ in Million)**			
		For the year ended March 31, 2014	**For the year ended March 31, 2013**	**As at March 31, 2014**		**As at March 31, 2013**	
				Receivable	**Payable**	**Receivable**	**Payable**
A]	**Sale of goods, services and fixed assets**						
	Varroc Polymers Private Limited	172.15	193.84	19.18	-	26.64	-
	Endurance Technologies Private Limited	32.64	14.05	0.03	-	1.86	-
	Varroc TYC Auto Lamps Co. Ltd	11.17	9.40	20.81	-	10.90	-
B]	**Purchase of goods, services and fixed assets**						
	Varroc Polymers Private Limited	433.11	571.50	-	102.59	-	89.02
	Varroc Elastomers Private Limited	91.37	99.03	-	15.99	-	14.33
	Nuova CTS S.r.l	56.92	55.10	-	25.71	-	19.40
C]	**Management fees received**						
	Varroc TYC Auto Lamps Co. Ltd.	19.89	-	-	-	-	-
	Plastic Omnium Varroc Private Limited	-	3.80	-	-	-	-
D]	**Reimbursement of expenses-received**						
	Varroc Polymers Private Limited	0.19	4.50	-	-	-	-

	Description of the nature of transactions	Volume of transactions during		Amount (₹ in Million)			
		For the year ended 31.3.2014	For the year ended 31.3.2013	As at 31.3.2014		As at 31.3.2013	
				Receivable	Payable	Receivable	Payable
E]	**Rent received**						
	Varroc Polymers Private Limited	8.90	4.70	-	-	-	-
	Plastic Omnium Varroc Private Limited	-	6.60	-	-	-	-
F]	**Royalty received**						
	Varroc TYC Auto Lamps Co. Ltd.	44.57	5.00	30.60	-	4.90	-
G)	**Loan received and repaid during the year**						
	Varroc Polymers Private Limited	-	1,100.00	-	-	-	-
H]	**Professional charges paid**						
	Mr. Naresh Chandra	0.57	0.58	-	-		-
	Mrs. Rochana Jain	2.70	2.70	-	-		-
	Varroc Polymers Private Limited	2.60	3.40	-	-	-	-
I]	**Interest paid**						
	Mr. Naresh Chandra	*	*	-	*	-	-
	Mrs. Suman Jain	2.37	2.40	-	*	-	-
	Mr. Anurang Jain	0.09	0.10	-	-	-	-
	Varroc Polymers Private Limited	-	12.21	-	-	-	-
	Nuova CTS S.r.l	0.37	0.30	-	-	-	-
J]	**Rent paid**						
	Mrs. Rochana Jain	1.80	1.35	-	-	-	-
K]	**Directors fees paid**						
	Mr. Naresh Chandra	0.08	0.08	-	-	-	-
L]	**Dividend paid**						
	Mr. Tarang Jain	3.85	6.11	-	-	-	-
	Mr. Naresh Chandra	0.76	1.05	-	-	-	-
	Mrs. Suman Jain	0.78	1.09	-	-	-	-
	Shri Naresh Chandra and Smt. Suman Jain	0.28	-	-	-	-	-
	Shri Tarang Jain and Smt. Rochana Jain	0.53	-	-	-	-	-
	Naresh Chandra - HUF	-	0.39	-	-	-	-
	Tarang Jain - HUF	0.01	0.01	-	-	-	-
	Varroc Polymers Private Limited- equity shares	0.55	0.43	-	-	-	-
	Varroc Polymers Private Limited- preference shares	-	13.33	-	-	-	-
M)	**Guarantee commission paid**						
	Varroc Polymers Private Limited	19.31	12.10	-	-	-	11.50
N]	**Remuneration**						
	Mr. Tarang Jain	30.87	24.00	-	-	-	-
	Mr. K. Muralidharan	8.20	8.02	-	-	-	-
	Mr. Vineet Sahni	3.39	15.91	-	-	-	-
	Mr. Arjun Jain (with effect from October 1, 2013)	0.88	-	-	-	-	-
O]	**Reimbursement of expenses - paid**						
	Varroc Polymers Private Limited	0.72	0.53	-	-	-	-
P]	**Loan taken (net of repaid)**						
	Mr. Naresh Chandra	-	-	-	0.40	-	0.40
	Mrs. Suman Jain	-	-	-	29.60	-	29.60
	Mr. Anurang Jain	1.30	-	-	-	-	1.30
	Nuova CTS S.r.l	-	-	-	12.26	-	10.30
Q]	**Investment in Equity shares**						
	Varroc Polymers Private Limited	500.00	-	-	-	-	-

* Amount is below the rounding off norm of the Company

26 Segment information

The group has disclosed business segment as the primary segment, Automotive segment consists of business of automobile products consisting of auto parts for two-wheeler, three-wheelers and four-wheelers and related engineering and other services. Others primarily includes forging components for off road vehicles and components for mining and oil drilling industry.

(a) Primary segment: Business segments *(₹ in Million)*

		For the year ended March 31, 2014			For the year ended March 31, 2013		
Sr. No	**Particulars**	**Automotive**	**Others**	**Total**	**Automotive**	**Others**	**Total**
	Segment revenue						
1	Revenue from operations (external)	58,178.31	2,985.16	61,163.47	39,065.03	3,037.40	42,102.43
	Total revenue	58,178.31	2,985.16	61,163.47	39,065.03	3,037.40	42,102.43
2	**Segment results before other income, finance cost and tax**	**1,497.17**	96.54	1,593.70	610.80	110.00	720.80
3(i)	Other income			230.20			150.51
3(ii)	Finance costs			1,002.97			837.31
4	Profit before tax			842.16			43.75
5	Tax expenses including deferred tax			413.12			304.87
6	Profit after tax but before minority interest			429.04			(261.12)
7	Minority interest			8.61			(6.77)
8	Profit after Tax			420.43			(254.35)
9	Segment assets	36,068.00	2,256.46	38,324.46	31,062.40	2,423.80	33,486.20
10	Segment liabilities	15,495.53	1,347.30	16,842.83	12,063.34	1,182.00	13,245.34
11	Other Information						
	Cost to acquire fixed assets (including on acquisition of business)	3,159.82	690.47	3,850.29	7,509.90	154.80	7,664.70
	Depreciation and amortization	2,190.99	189.47	2,380.45	1,636.70	153.40	1,790.10

(b) Secondary Segment - Geographical segments

Segment revenue by geographical area based on geographical location of customers: **(₹ in Million)**

Sr. No	Particulars	**For the year ended March 31, 2014**	For the year ended March 31, 2013
	Revenue within :		
1	India	**14,818.64**	15,576.70
2	Asia Pacific	**4,651.44**	748.21
3	Europe	**31,712.76**	19,335.20
4	United States	**4,787.74**	3,565.82
5	Others	**5,192.89**	2,876.50
	Total	**61,163.47**	42,102.43

Carrying amount of segment assets **(₹ in Million)**

Sr. No	Particulars	**As at March 31, 2014**	As at March 31, 2013
1	India	**13,401.30**	12,071.20
2	Asia Pacific	**5,092.01**	3,557.30
3	Europe	**12,181.20**	13,024.20
4	United States	**3,612.35**	2,849.90
5	Others	**4,037.60**	1,983.60
	Total	**38,324.46**	33,486.20

27 A Disclosures relating to the Group's share in Jointly controlled entities:

Particulars	**(₹ in Million)**	
	As at March 31, 2014	**As at March 31, 2013**
Non-current assets		
- Fixed assets	1,358.39	1,258.80
- Long term loans and advances	165.80	234.90
- Other non-current assets	0.07	0.10
Current assets		
- Inventories	428.32	274.30
- Trade receivables	1,581.36	1,320.90
-Cash and bank balances	396.36	407.30
- Short term loans and advances	290.42	173.80
Non-current liabilities		
- Long term borrowings	245.52	26.80
- Deferred Tax (Assets) / Liabilities -net	(48.48)	(27.20)
-Other Long term liabilities	158.78	8.50
- Long term provisions	35.70	
Current liabilities		
- Short term borrowings	832.81	1,098.40
- Trade payables	1,110.90	1,202.20
-Other current liabilities	422.62	295.60
- Short term provisions	66.35	43.20
	For the year ended March 31, 2014	**For the year ended March 31, 2013**
Revenue		
- Revenue from operations	4,716.31	725.60
- Other income	17.39	2.20
Expenses		
- Cost of materials consumed	2,766.87	402.40
- Employee benefits expense	572.36	86.60
- Finance costs	75.84	11.80
- Depreciation and amortization	148.48	39.60
- Other expenses	855.28	129.30

Note No. 28
Disclosure in accordance with Revised AS- 15 on Employee Benefits

		For the year ended March 31, 2014	For the year ended March 31, 2013
		(₹ in Million)	*(₹ in Million)*
(A)	**Defined Contribution Plans: The company has recognized the following amount in the Statement of Profit and Loss for the year**		
	(I) Contribution to Employees' Provident Fund	**45.97**	42.87
	(II) Contribution to Employees' Family Pension Fund	**18.81**	18.72
	Total	**64.78**	61.59
(B)	**Defined Benefit Plans- Gratuity**		
	Following figures are as per actuarial valuation, as at the Balance Sheet date, carried out by independent actuary.		
	a) Changes in Present Value of Defined Obligation		
	Liability at the beginning of the year	**103.39**	61.40
	Interest cost	**8.26**	5.54
	Current service cost	**17.08**	11.92
	Benefits paid	**(5.94)**	(10.92)
	Actuarial (gain)/Loss on obligations	**(20.58)**	30.28
	Liability at the end of the year	**102.21**	98.22
	b) Changes in fair value of plan assets		
	Fair value of plan assets at the beginning of the year	**53.07**	51.14
	Expected return on plan assets	**4.25**	4.35
	Employer's contributions	**36.51**	7.98
	Benefit paid	**(5.70)**	(10.75)
	Actuarial gain/(loss) on plan assets	**1.69**	0.35
	Fair value of plan assets at the end of the year	**89.82**	53.07
	c) Amount to be recognized in Balance Sheet including a reconciliation of the present value of defined benefit obligation and the fair value of assets		
	Present value of funded obligations as at March 31	**102.21**	98.22
	Fair value of plan assets as at March 31	**89.82**	53.07
	Funded (asset)/ liability recognized in the Balance Sheet	**12.39**	45.15
	d) Expenses to be recognized in the Statement of Profit and Loss		
	Current service cost	**17.08**	11.92
	Interest cost	**8.26**	5.54
	Expected return on plan assets	**(4.25)**	(4.35)
	Net actuarial (gain)/ loss to be recognized	**(22.27)**	29.93
	Expenses recognized in the Statement of Profit and Loss	**(1.18)**	43.04
	e) Percentage of each Category of Plan Assets to total Fair Value of Plan Asset as at March 31, 2014		
	Insurer managed fund	**100%**	100%
	The overall expected rate of return on asset is based on the expectations of the average long term rate of return expected on investment of the Fund during the estimated term of the obligations.		
	The actual return on plan assets is as follows:		
	Actual return on plan assets	**5.21**	4.16
	f) Summary of actuarial assumptions		
	Discount rate	**9.31%**	8.00%
	Salary escalation rate	**7.50%**	7.50%
	Expected rate of return on plan asset	**8.70%**	8.00%

In addition to above, the Group have certain employee defined benefit plans in the subsidiaries / jointly controlled entities located outside India. The liability in respect of these benefits as on March 31, 2014 is ₹ 473.63 Million (previous year ₹434.34 Million).

29 During the year, one of the foreign step-down subsidiaries of the Company, Essex Forging s.r.l. filed for liquidation under its local jurisdiction. The Company has appointed a liquidator and is in the process of settling creditors and claims. The group's shares in total assets, net assets, revenues and in the profit and loss of the subsidiary for the year ended are as under :

Particulars	**(₹ in Million)**	**(₹ in Million)**
Total Assets	**42.13**	125.32
Net assets	**(312.27)**	(208.33)
Revenue	**220.89**	339.19
Loss before tax	**(267.10)**	(218.62)

30 Pursuant to the Scheme of Arrangement approved by the High Court of Judicature at Bombay dated July 18, 2010, in accordance with which a unit of the Company was demerged and transferred to another group company and land and buildings were revalued in the year 2010 - 11, the Board of Directors, in the year ended March 31, 2013 approved the following adjustments directly against the Business Reconstruction Reserve (BRR) in the standalone financial statements of the Company:

Financial Year 2009-10	
i) Provision for diminution in the value of investments	1,352.77
ii) Other provisions including tax impact on the above	120.44
	1,473.21
Financial Year 2012-13	
i) Provision for diminution in the value of investments	70.30
ii) Provision for guarantee given for loan taken by a subsidiary	209.90
iii) Provision for loss on account of mark to market valuation of derivative option contracts	88.60
iv) Other provision	8.00
	376.80

During the year ended March 31, 2013, in accordance with the provisions of the Scheme of Arrangement, the Company transferred the balance amount of ₹ 769.61 million lying in the BRR to the Securities Premium Account in the Standalone financial statements of the Company. Of the above, adjustments for diminution in the value of investments of ₹ 1,423.10 million and provision for guarantee given for loan taken by a subsidiary of ₹ 209.90 million were not required to be carried out in the consolidated financial statements. Consequently, in the year ended March 31, 2013, the balance amount of ₹ 1,633.00 million lying in the BRR after the aforesaid adjustments has been transferred to the capital reserve.

31 The Company has received incentives from the Government of Maharashtra under the Packaged Scheme of incentives ("Packaged Scheme"). In the year 2009, pursuant to the scheme sanctioned by the High Court of Bombay, the Company had accounted for the present value of the amount receivable under the Scheme of ₹ 1003.9 million as a receivable with corresponding credit to the Business Reconstruction Reserve, which has been fully received as on the Balance Sheet date. In the year ended March 31, 2014, the Company received an additional amount of ₹ 100.3 million and has also accounted for further amount receivable under the Scheme of ₹296.17 million. The amount of grant received/receivable has been credited to capital subsidy and treated as a part of shareholders' funds.

32 The Shareholders at their meeting held on January 25, 2018 , accorded their approval for conversion of Company from "Private Limited Company" to "Public Limited Company". Necessary documents have been filed with Ministry of Corporate Affairs and the same is approved by Register of Companies (ROC) Mumbai dated February 05 ,2018.

33 Previous years figures have been reclassified to conform to current year classification.

Varroc Engineering Limited

Annexure VI A

Statement of Adjustments to Audited Consolidated Financial Statements

Summarized below are the restatement adjustments made to the Audited Financial Statements for the year ended March 31, 2014 and 2013 and their impact on the profit / (loss) of the Company:

(₹ in Million)

Sr.No.	Particulars	Note No.	For the year ended March 31, 2014	For the year ended March 31, 2013
	Profit for the year before minority interest		**394.61**	**(212.46)**
A	**Adjustments:** **Material Restatement Adjustments** **(Excluding those on account of changes in accounting policies):**			
(i)	**Audit Qualifications** None			
(ii)	**Other material adjustments**			
1	Tax pertaining to earlier years	A (2.1)	14.94	(57.94)
2	Interest on Income tax pertaining to earlier years	A (2.2)	(2.29)	(0.68)
3	Employee Benefit Expense	A (2.3)	21.00	9.78
(iii)	**Deferred Tax adjustments**	A(4)	0.78	0.18
		Total:	34.43	(48.66)
	B. Adjustments on account of changes in accounting policies :		-	-
		Total:	34.43	(48.66)
	Net Profit as per statement of restated Consolidated Profit & Loss		**429.04**	**(261.12)**

Notes

A) Adjustments

1 Adjustments for Audit Qualifications: None

2 Other Material Adjustments

2.1 In the audited financial statements of the Group for the year ended March 31, 2014 and 2013, taxes have been accounted for pertaining to earlier years based on return of income and / or intimations/ orders received from Income-tax authorities. For the purpose of these statements, such items have been appropriately adjusted to the respective years to which they relate.

2.2 In the audited financial statements of the Group for the year ended March 31, 2014 and 2013, Interest on Income tax have been accounted based on orders received from Income-tax authorities. For the purpose of these statements, such items have been appropriately adjusted to the respective years to which they relate.

2.3 In the audited financial statements of the Group for the year ended March 31, 2015, the management noticed certain inadvertent errors/omissions in the accounting for certain defined benefit plans in an overseas subsidiary. The charge for the year ended March 31, 2015 on account of rectification of the said errors/omissions of ₹ 166.5 million relating to earlier years has been appropriately adjusted to the respective years to which it relates.

2.4 In the audited financial statements of the Group for the year ended March 31, 2014, the Group had done an upward revaluation of certain plant and machinery by ₹ 461.25 Million (net of taxes) located outside India. For the purpose of these statements, such items have been appropriately adjusted.

2.5 In the audited financial statements of the Group for the year ended March 31, 2016, the Group has reversed the excess provision of ₹393.80 Million (disclosed as an Exceptional item in the Statement of Profit and Loss) in respect of certain disputed claims with a counterparty for which a provision was made in an earlier years. For the purpose of these statements, the said amount has been appropriately adjusted to the respective year to which it relates. Accordingly, Capital reserve for the year 2012-13 has been increased (net of tax) by ₹ 240.24 Million.

3 **Changes in Accounting Policies : None**

4 **Tax Adjustments : The tax rate applicable for the respective years has been used to calculate the deferred tax impact on other material adjustments.**

5 **Opening Reserve Reconciliation**

Deficit in the statement of Profit and Loss as at April 1, 2012

(₹ in Million)

Particulars	As at April 1, 2012
Deficit in Statement of Profit and loss, as per audited Balance sheet as at April 1, 2012	(200.78)
Adjustments on account of Restatements:-	
Tax pertaining to earlier years	67.36
Interest on Income tax pertaining to earlier years	6.47
Deferred Tax adjustments	(2.17)
Total:	71.66
Deficit as per Restated Consolidated Statement of Profit and Loss as at April 1, 2012	(129.12)

B) Other Matters :-

For the financial year ended March 31, 2013

Emphasis of Matter

We draw your attention to Annexure V A, Note 30 to the restated consolidated financial statements of the group regarding adjustment of provision made for losses aggregating ₹ 88.6 Million arising on mark to market valuation of derivative option contracts entered into by the Company to hedge its foreign currency borrowings and provision for diminution in the value of investment of ₹ 8.00 Million made against the Business Reconstruction Reserve in accordance with a Scheme of arrangement approved by the Honourable High Court of Mumbai vide order dated June 18, 2010. Had the Scheme not prescribed the above accounting treatment, the loss for the year would have been higher by ₹ 96.6 Million.

The above emphasis of matter paragraph forms part of audit report on consolidated financial statements of the Group, for the financial year ended March

Varroc Engineering Limited
Annexure VII A
Restated Consolidated Statement of Secured Borrowings

(₹ in Million)

Particulars	As at	
	March 31, 2014	March 31, 2013
Long term borrowings		
Secured loans:		
From banks and financial institutions	5,510.52	8,261.11
Others (Refer Annexure V A note 23)	24.10	31.03
Buyers Credit (Capital Nature)	314.31	133.88
	5,848.93	8,426.02
Short term borrowings		
Secured		
Working Capital Loans from Banks	1,625.10	1,638.28
Current portion of Secured long term borrowings, included in Other Current Liabilities (refer Annexure V A note 6)		
Loans from		
Banks and financial institutions	2,129.40	1,560.42
Others	11.00	9.12
Buyers credit (Capital nature)	113.09	375.79
Total	**9,727.52**	**12,009.63**

	Current	Non- current						
***Maturity profile of loans**	**Due within one year (refer Annexure V A note 6)**	2015-16	2016-17	2017-18	2018-19	2019-20	**More than five years**	**Total Non-Current**
Terms Loans	2,129.40	2,266.90	2,296.30	681.80	305.10	180.10	4.60	5,734.80
Buyers credit	113.09	54.60	259.71	-	-	-	-	314.31

Interest rate on domestic loans vary in the range of 2.5% to 13.25%
Interest rate on foreign currency loans vary in the range of 2% to 6.765%

Nature of Security

1 Secured borrowings of entities based in India and Italy are secured by a first pari pasu charge on movable and immovable fixed assets of the these entities, both present and future, subject to certain exclusions.

2 Secured borrowings of the Lighting division are secured by a first pari pasu charge on all assets and receivables of the lighting division and corporate guarantee given by Varroc Polymers Private Limited.

3 Working capital facilities availed from banks, are secured by pari-passu charge by way of hypothecation of stocks of Raw materials, work in process, finished goods, consumables stores and spares, packing materials, receivables and mortgage of land and buildings of the Group.

Varroc Engineering Limited
Annexure VIII A
Restated Consolidated Statement of Unsecured Borrowings

(₹ in Million)

Particulars	As at March 31, 2014	As at March 31, 2013
Long term Borrowings		
Unsecured		
Loan from banks and financial institutions	224.30	-
Deferred Sales Tax Liability	294.61	351.81
	518.91	351.81
Short Term Borrowings		
Loans from		
Banks and financial institutions	679.52	357.58
Director and shareholders	30.04	30.68
Related party	12.26	10.32
	721.82	398.58
Current portion of Unsecured long term borrowings, included in Other Current Liabilities (refer ANNEXURE V A note 6)		
Deferred sales tax liability	30.73	23.47
Total	**1,271.46**	**773.86**

Note:

1 There are no amounts payable to Directors or Promoters or entity related to Directors or Promoters of the company except as disclosed above.

2 The list of persons/entity classified as "Promoters and promoter group Company" has been provided by the management and relied upon by the auditors.

	Current	Non- current						
Maturity profile of loans	**Due within one year 2014-15**	2015-16	2016-17	2017-18	2018-19	2019-20	**More than five years**	**Total Non-Current**
Deferred sales tax	30.73	42.91	52.60	57.70	52.10	39.90	49.40	294.61

Varroc Engineering Limited
Annexure IX A
Restated Consolidated Statement of Other Long Term Liabilities

(₹ in Million)

Particulars	As at	
	March 31, 2014	March 31, 2013
Creditors for capital goods	14.19	28.03
Security deposits from customers	21.67	19.10
Deferred government grant (Refer Annexure IV A note 2 ('C)(X))	152.53	143.48
Total	**188.39**	**190.61**

Note:

1 There are no amounts payable to Directors or Promoters or entity related to Directors or Promoters of the company except as disclosed above.

2 The list of persons/entity classified as "Promoters and promoter group Company" has been provided by the management and relied upon by the auditors.

Varroc Engineering Limited

Annexure X A

Restated Consolidated Statement of Investments

(₹ in Million)

Particulars	As at	
	March 31, 2014	March 31, 2013
Non Current Investments		
Trade investments (Unquoted)		
529,100 (previous year nil) fully paid equity shares of ₹ 10 each in Varroc Polymers Private Limited	500.00	-
Total (A)	500.00	-
Non trade investments (unquoted)		
11,000 (previous year 11,000) fully paid equity shares of ₹ 10 each in The Saraswat Co-Operative Bank Limited	0.11	0.11
In Government securities	0.06	0.09
Investments in limited liability partnership firm - Catalyst Buildcon LLP	-	20.00
Total (B)	0.17	20.20
Less : Provision for diminution other than temporary in value of long term Investments	-	8.00
Subtotal I (A+B)	500.17	12.20
Current Investments		
Current (unquoted), Non trade In Mutual Funds		
a] 60,338.41 units of Franklin India Blue Chip Fund Growth (Previous year 34,623.60 units)	13.50	7.50
b] 76,941.633 units of HDFC Top 200 Fund-Growth (Previous year 43,927.71 units)	16.20	9.00
c] 62,384.205 units of LIC Nomura MF Liquid Fund (Previous year Nil)	307.21	-
d] 103,600.766 units of Reliance MF Liquid Fund (Previous year Nil)	200.37	-
Subtotal II	537.28	16.50
Total (I + II)	1,037.45	28.70

Varroc Engineering Limited
Annexure XI A
Restated Consolidated Statement of Trade Receivables

(₹ in Million)

Particulars	As at	
	March 31, 2014	**March 31, 2013**
Trade Receivable		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Considered good	88.73	185.06
Considered doubtful	135.60	44.23
	224.33	229.29
Others-considered good	7,643.00	8,001.84
Less:- Provision for doubtful debts	(135.60)	(44.23)
Total	7,731.73	8,186.90

Note:

1 Trade receivables are shown net of Bill discounting and factoring from banks of ₹ 3,468.1 Million (Previous year ₹ 1,898.2 Million).

2 There are no amounts recoverable from Directors or Promoters of Company other than those disclosed above.

3 The list of persons/entity classified as "Promoters and promoter group Company" has been provided by the management and relied upon by the auditor.

Varroc Engineering Limited
Annexure XII A
Restated Consolidated Statement of Loans and Advances

(₹ in Million)

Particulars	As at	
	March 31, 2014	**March 31, 2013**
Long-term loans and advances: [A]		
Unsecured and Considered good(unless otherwise stated)		
Capital advances		
Considered good	169.35	25.32
Considered doubtful	7.39	7.76
Less:- Allowance for doubtful advances	(7.39)	(7.76)
Sundry deposits	36.97	25.31
Other loans and advances		
Advances recoverable in cash or kind	6.10	5.48
Balances with Government authorities	149.20	167.61
MAT credit entitlement	140.16	27.11
Advance income tax (net of provision for taxation)	89.74	54.28
Total [A]	591.52	305.11
Short term loans and advances [B]		
Unsecured, considered good (unless otherwise stated)		
Prepaid expenses	215.29	213.91
Advances to vendors (net of provision)	370.62	210.37
Balance with Government authorities	606.87	947.13
Advances recoverable in cash or kind	163.68	82.11
Total [B]	1,356.46	1,453.52
Total [A+B]	1,947.98	1,758.63

Notes :

1 There are no amounts recoverable from Directors or Promoters or entity related to Directors or Promoters of the company except as disclosed above.

2 The list of persons/entity classified as "Promoters and promoter group Company" has been provided by the managemnet and relied upon by the auditor.

Varroc Engineering Limited
Annexure XIII A
Restated Consolidated Statement of Other Income

(₹ in Million)

Particulars	Nature (Recurring/ Non-recurring)	For the year ended	
		March 31, 2014	March 31, 2013
Other Income:			
Interest income on			
Bank deposits	Recurring	13.71	18.25
Others	Non Recurring	13.77	36.39
Dividend income	Non Recurring	0.01	*
Gain on sale of current investments	Non Recurring	6.92	3.88
Other non-operating income			
Rent	Recurring	40.60	30.95
Net profit on sale of tangible/ intangible assets	Non Recurring	-	8.22
Net Exchange gain	Non Recurring	-	28.66
Miscellaneous income	Non Recurring	157.48	24.84
Total		232.49	151.19
Add/(Less) Restatement adjustments			
Interest on Income tax pertaining to earlier years		(2.29)	(0.68)
Total Restatement Adjustments		(2.29)	(0.68)
Other income (net of restatement adjustments)		**230.20**	**150.51**

* Amount below rounding off norm adopted by the Company

Note:

1. The classification of income into recurring and non-recurring is based on the current operations and business activities of the Company.

Varroc Engineering Limited
Annexure XIV A
Restated Consolidated Statement of Accounting Ratios

Sr. No.	Particulars	For the year ended	
		March 31, 2014	**March 31, 2013**
1	Profit /(loss) after tax and minority interest (₹ in million)	420.43	(254.35)
	Less : Dividend on preference shares	*	13.33
2	Profit attributable to equity shareholders (₹ in million)	420.43	(267.68)
3	Weighted average number of shares outstanding during the year- Basic (refer note 3 below)	104,658,490	100,955,870
4	Weighted average number of shares outstanding during the year- Diluted (refer note 3 below)	104,906,587	100,955,870
5	Number of Equity Shares outstanding at the end of the year (refer Annexure V, note 1)	104,658,510	104,658,490
6	Net Worth for Equity Shareholders (₹ in million)	10,649.22	7,106.22
7	Accounting Ratios		
	Basic Earnings/ (Loss) per share (₹) (2)/(3)	4.02	(2.65)
	Diluted Earnings/(Loss) per share (₹) (2)/(4) (refer Annexure V A Note 20)	4.01	(2.65)
	Return on Net Worth for Equity Shareholders(%)	3.95	(3.77)
	Net asset value per equity share (₹) (6)/(5)	101.75	67.90

* Amount below rounding off norm adopted by the Company.

Note:

1. Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during the year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.

2. Net worth for ratios mentioned at Sr. No. 6 above is = Equity share capital + Reserves and surplus (including Capital Subsidy, Securities Premium, Retained Earnings, Business Reconstruction Reserve, General Reserve, Foreign Currency Translation Reserve, Foreign Currency Monetary Item Translation Difference, Statutory Reserves, Capital Reserve , Capital Reserve on Consolidation)

3. Subsequent to the period ended December 31, 2017, the Company has sub divided the face value per equity share from ₹ 10 to Re. 1. Accordingly, Basic and Diluted earnings per share presented above have been adjusted in accordance with AS 20 - 'Earnings per share' and other ratios have been adjusted appropriately.

4. The ratios on the basis of Restated Consolidated financial information have been computed as below

$$\text{Basic Earnings per Share} = \frac{\text{Net profit as restated,attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$$

$$\text{Diluted earnings per share} = \frac{\text{Net profit as restated,attributable to equity shareholders}}{\text{Weighted average number of dilutive equity shares outstanding during the year}}$$

$$\text{Return on Net Worth for Equity Shareholders(\%)} = \frac{\text{Net profit after tax as restated (excluding extraordinary items)}}{\text{Net worth as restated at the end of the year}}$$

$$\text{Net asset value per equity share (₹)} = \frac{\text{Net worth as restated (excluding extraordinary item)}}{\text{Number of equity shares outstanding at the end of year}}$$

5. The above ratios have been computed on the basis of the Restated Consolidated Financial Information- Annexure I A & Annexure II A.

Varroc Engineering Limited
Annexure XV A
Restated Consolidated Statement of Dividend paid

	Particulars	For the year ended March 31,2014	For the year ended March 31, 2013
A)	**Dividend on equity shares**		
	Number of Equity Shares Outstanding	10,465,851	10,465,849
	Dividend paid (₹ in Million)	-	-
	Interim Dividend (₹ in Million)	6.80	9.09
	Dividend Distribution tax (₹ in Million)	0.70	4.30
	Rate of Dividend (%)	6.50%	9%
	Dividend per Equity Share (₹)	0.65	0.90
B)	**7% Cumulative redeemable optionally convertible preference shares of ₹ 10 each**		
	Number of Shares Outstanding (Converted to equity shares during the year ended March 31, 2013)	-	-
	Dividend paid (₹ in Million)	-	-
	Interim Dividend (₹ in Million)	-	13.33
	Rate of Dividend (%)	-	7%
	Dividend per Share (₹)	-	0.70
C)	**0.001% Series "A" Compulsorily Convertible Preference shares**		
	Number of Shares Outstanding	29,999,980	-
	Dividend paid (₹ in Million)	-	-
	Interim Dividend (₹ in Million)	*	-
	Rate of Dividend (%)	0.001%	-
	Dividend per Share (₹)	0.0001	-

* Amount below rounding off norm adopted by the Company

Note:

Subsequent to the period ended December 31, 2017, the Company has sub divided the face value per equity share from ₹ 10 to ₹ 1. The dividend per share presented above have been computed without considering the impact of subdivison of shares.

To,
The Board of Directors
Varroc Engineering Limited (formerly Varroc Engineering Private Limited)
Plot No. L-4, MIDC, Waluj,
Aurangabad – 431136

Auditors' Report on Restated Standalone Financial Information in connection with the Proposed Initial Public Offering of Varroc Engineering Limited (formerly Varroc Engineering Private Limited)

Dear Sirs,

1. This report is issued in accordance with the terms of our agreement dated March 23, 2018.

2. The accompanying restated standalone financial information, expressed in Indian Rupees in millions, of **Varroc Engineering Limited [formerly Varroc Engineering Private Limited]** (hereinafter referred to as the "Company"), comprising Standalone Financial Information in paragraph A below and Other Standalone Financial Information in paragraph B below (hereinafter together referred to as "Restated Standalone Financial Information"), has been prepared by the Management of the Company in accordance with the requirements of :

   a) Section 26 of the Companies Act, 2013 (hereinafter referred to as the "Act"), read with Rule 4 to Rule 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 (the "Rules"); and

   b) Item (IX) of Part A of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended to date read along with the SEBI circular SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016 (together, the "SEBI Regulations") issued by the Securities and Exchange Board of India (the "SEBI")

   in connection with the Proposed Initial Public Offering of Equity Shares of the Company (the "Issue"), and has been approved by the Board of Directors of the Company on March 25, 2018 and initialed by us for identification purposes only.

Management's Responsibility for the Restated Standalone Financial Information

3. The preparation of the Restated Standalone Financial Information, which is to be included in the Draft Red Herring Prospectus ("DRHP"), is the responsibility of the Management of the Company and has been approved by the Board of Directors of the Company, at its meeting held on March 25, 2018 for the purpose set out in paragraph 17 below. The Management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Restated Standalone Financial Information. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

Auditors' Responsibilities

4. Our work has been carried out in accordance with the Standards on Auditing under section 143(10) of the Act, Guidance Note on Reports in Company Prospectuses (Revised 2016) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India and pursuant to the requirements of Section 26 of the Act read with applicable provisions within Rule 4 to Rule 6 of the Rules and the SEBI Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the Rules and SEBI Regulations in connection with the Issue.

5. Our examination of the Restated Standalone Financial Information has not been carried out in accordance with the auditing standards generally accepted in the United States of America ("U.S."), standards of the US Public Company Accounting Oversight Board and accordingly should not be relied upon by any one as if it had been carried out in accordance with those standards or any other standards besides the standards referred to in this report.

A. Standalone Financial Information as per Audited Standalone Financial Statements:

6. We have examined the following Standalone Financial Statements of the Company contained in Restated Standalone Financial Information of the Company :

   a) The Restated Standalone Statement of Assets and Liabilities of the Company as at December 31, 2017, March 31, 2017, 2016 and 2015 under Ind AS, as set out in Annexure- I and as at March 31, 2014 and 2013 under Indian GAAP, as set out in Annexure-I A;

   b) The Restated Standalone Statement of Profit and Loss (including other comprehensive income) of the Company for the nine months period ended December 31, 2017 and for the years ended March 31, 2017, 2016 and 2015 under Ind AS, as set out in Annexure-II and the Restated Standalone Statement of Profit and Loss for the years ended March 31, 2014 and 2013 under Indian GAAP, as set out in Annexure-II A;

   c) The Restated Standalone Statement of Changes in Equity of the Company for the nine months period ended December 31, 2017 and for the years ended March 31, 2017, 2016 and 2015 under Ind AS, as set out in Annexure-III; and

   d) The Restated Standalone Statement of Cash Flows of the Company for the nine months period ended December 31, 2017 and for the years ended March 31, 2017, 2016 and 2015 under Ind AS, as set out in Annexure-IV and for the years ended March 31, 2014 and 2013 under Indian GAAP, as set out in Annexure-III A;

7. The Restated Standalone Financial Information, expressed in Indian Rupees in millions, has been prepared by the Company's Management from the following, and is to be read along with paragraphs 8, 15 and 16 below :

   a) Audited Standalone Financial Statements of the Company (expressed in Indian Rupees in millions) as at and for the nine months period ended December 31, 2017, prepared in accordance with the Indian Accounting Standards ("Ind-AS") notified under the Companies (Indian Accounting Standards) Rules 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 ("Ind AS Rules") and on which we have expressed an unmodified audit opinion vide our report dated March 25, 2018;

   b) Audited Standalone Financial Statements of the Company (expressed in Indian Rupees in crores) as at and for the year ended March 31, 2017 which include the comparative financial statements as at and for the year ended March 31, 2016 and transition date opening balance sheet as at April 1, 2015 (the "first Ind AS financial statements"), prepared in accordance with the Ind-AS notified under the Ind AS Rules and on which we have expressed unmodified audit opinion vide our report dated July 20, 2017;

   c) Proforma Standalone Financial Information of the Company (expressed in Indian Rupees in millions) as at and for the year ended March 31, 2015, prepared by making the required Ind AS adjustments to align accounting policies, exemptions and disclosures as adopted for the preparation of the first Ind AS financial statements, to the Audited Standalone Financial Statements of the Company (expressed in Indian Rupees in crores) as at and for the year ended March 31, 2015, prepared in accordance with the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP") and on which we have expressed unmodified audit opinion vide our report dated June 17, 2015;

   d) Audited Standalone Financial Statements of the Company (expressed in Indian Rupees in crores) as at and for the year ended March 31, 2014 prepared in accordance with the accounting standards notified under the Companies Act, 1956 read with the General Circular

15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 ("Indian GAAP") and on which we have expressed unmodified audit opinion vide our report dated July 5, 2014;

e) Audited Standalone Financial Statements of the Company (expressed in Indian Rupees in crores) as at and for the year ended March 31, 2013, prepared in accordance with the accounting standards referred to in sub-section 3(C) of section 211 of the Companies Act, 1956 ("Indian GAAP") and on which we have expressed an unmodified audit opinion vide our report dated June 29, 2013.

8. We draw your attention that the Restated Standalone Financial Information should be read in conjunction with the basis of preparation and significant accounting policies given in Annexure V and Annexure IVA (as described in paragraph B).

9. We have not audited any Standalone Financial Statements of the Company as at any date or for any period subsequent to December 31, 2017. Accordingly, we do not express any opinion on the financial position, results of operations, cash flows or changes in equity of the Company as at any date or for any period subsequent to December 31, 2017.

B. Other Standalone Financial Information:

10. At the Company's request, we have also examined the following Other Standalone Financial Information prepared under Ind-AS relating to the Company as at and for the nine months period ended December 31, 2017 and as at and for each of the years ended March 31, 2017, March 31, 2016 and March 31, 2015, proposed to be included in the DRHP, prepared by the Management of the Company and annexed to the Restated Standalone Financial Information:

    a) Basis of preparation, Significant accounting policies and Notes to Restated Standalone Financial Information as enclosed in Annexure V;
    b) Statement of Adjustments to Audited Standalone Financial Statements as enclosed in Annexure VI;
    c) Restated Standalone Statements of Secured Borrowings as enclosed in Annexure VII;
    d) Restated Standalone Statement of Principal Terms of Secured Borrowings outstanding as enclosed in Annexure VIIA;
    e) Restated Standalone Statement of Unsecured Borrowings (excluding liability portion of CCPS) as enclosed in Annexure VIII;
    f) Restated Standalone Statement of Non-current Liabilities as enclosed in Annexure IX;
    g) Restated Standalone Statement of Investments as enclosed in Annexure X;
    h) Restated Standalone Statement of Trade Receivable as enclosed in Annexure XI;
    i) Restated Standalone Statement of Loans as enclosed in Annexure XII;
    j) Restated Standalone Statement of Other Income as enclosed in Annexure XIII;
    k) Restated Standalone Statement of Accounting Ratios as enclosed in Annexure XIV;
    l) Restated Standalone Statement of Capitalisation as enclosed in Annexure XV;
    m) Restated Standalone Statement of Tax Shelter as enclosed in Annexure XVI;
    n) Restated Standalone Statement of Dividend Paid as enclosed in Annexure XVII.

11. At the Company's request, we have also examined the following Other Standalone Financial Information prepared under Indian GAAP relating to the Company as at and for each of the years ended March 31, 2014 and March 31, 2013, proposed to be included in the DRHP, prepared by the Management of the Company and annexed to Restated Standalone Financial Information:

    a) Basis of Preparation and Significant Accounting Policies as enclosed in Annexure IVA;
    b) Notes to Restated Standalone Financial Statements as enclosed in Annexure VA;
    c) Statement of Adjustments to Audited Standalone Financial Statements as enclosed in Annexure VIA;
    d) Restated Standalone Statements of Secured Borrowings as enclosed in Annexure VIIA;
    e) Restated Standalone Statement of Unsecured Borrowings as enclosed in Annexure VIIIA;
    f) Restated Standalone Statement of Other Long Term Liabilities as enclosed in Annexure IXA;
    g) Restated Standalone Statement of Investments as enclosed in Annexure XA;
    h) Restated Standalone Statement of Trade Receivables as enclosed in Annexure XIA;
    i) Restated Standalone Statement of Loans and Advances as enclosed in Annexure XIIA;

j) Restated Standalone Statement of Other Income as enclosed in Annexure XIIIA;
k) Restated Standalone Statement of Accounting Ratios as enclosed in Annexure XIVA;
l) Restated Standalone Statement of Tax Shelters as enclosed in Annexure XVA;
m) Restated Standalone Statement of Dividend paid as enclosed in Annexure XVIA.

12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

Opinion

13. In our opinion:

(i) the Restated Standalone Financial Information of the Company, as attached to this report and as mentioned in paragraphs A and B above, read with the Ind-AS and Indian GAAP basis of preparation and the respective Ind-AS and Indian GAAP significant accounting policies, have been prepared in accordance with the Act, the Rules and the SEBI Regulations;

(ii) adjustments have been made with retrospective effect in respect of changes in the Ind-AS accounting policies of the Company (as disclosed in Annexure VI) to reflect the same accounting treatment as per the accounting policies as at and for the nine months period ended December 31, 2017;

(iii) adjustments have been made with retrospective effect in respect of changes in the Indian GAAP accounting policies of the Company (as disclosed in Annexure VIA) to reflect the same accounting treatment as per the accounting policies as at and for the year ended March 31, 2014;

(iv) the material adjustments relating to previous years have been adjusted in the years to which they relate;

(v) there are no qualifications in the auditors' reports which require any adjustments;

(vi) there are no extra-ordinary items which need to be disclosed separately.

14. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the Standalone Financial Statements of the Company.

Emphasis of Matter

15. We draw your attention to Note B in Annexure VIA in the Restated Standalone Financial Information pertaining to the year ended March 31, 2013 regarding adjustment of (a) provision for decline other than temporary in the value of investments in subsidiaries aggregating ₹ 78.2 million, (b) provision for guarantees given towards loans taken by a subsidiary aggregating ₹ 209.9 million and (c) provision made for losses aggregating ₹ 88.6 million arising on mark to market valuation of derivative option contracts entered into by the Company to hedge its foreign currency borrowings, made against the Business Reconstruction Reserve in accordance with a Scheme of arrangement approved by the Honorable High Court of Judicature at Bombay vide order dated June 18, 2010. Had the Scheme not prescribed the above accounting treatment, the profit before tax for the year would have been lower by ₹ 376.7 million.

Other Matter

Our audit reports on the Audited Ind-AS/Indian GAAP Standalone Financial Statements of the Company for the respective period/years contain the following other matters which have been summarized below:

16. The financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in the Audited Standalone Ind-AS Financial Statements as of and for the year ended March 31, 2017, are based on the previously issued statutory financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated October 27, 2016 and June 17, 2015 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion is not qualified in respect of the matters in paragraphs 15 and 16 above.

Restriction on Use

17. This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the DRHP, prepared in connection with the Issue, to be filed by the Company with the SEBI and the concerned stock exchanges.

For Price Waterhouse & Co Chartered Accountants LLP
Chartered Accountants
Firm Registration No. 304026E/E-300009

Amit Borkar
Partner
Membership No.: 109846
Place: Pune
Date: March 25, 2018

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Varroc Engineering Limited

Sr.No	Details of Restated Standalone Financial Information (Ind AS)	Annexure Reference
1	Restated Standalone Statement of Assets and Liabilities	Annexure - I
2	Restated Standalone Statement of Profit and Loss	Annexure - II
3	Restated Standalone Statement of Changes in Equity	Annexure - III
4	Restated Standalone Statement of Cash Flows	Annexure - IV
5	Basis of preparation, Significant accounting policies and Notes to Restated Standalone Financial Statements	Annexure V
6	Statement of Adjustments to Audited Standalone Financial Statements	Annexure VI
7	Restated Standalone Statement of Secured Borrowings	Annexure VII
7A	Restated Standalone Statement of Principal Terms of Secured Borrowings outstanding	Annexure VII A
8	Restated Standalone Statement of Unsecured Borrowings	Annexure VIII
9	Restated Standalone Statement of Non Current Liabilities	Annexure IX
10	Restated Standalone Statement of Investments	Annexure X
11	Restated Standalone Statement of Trade Receivable	Annexure XI
12	Restated Standalone Statement of Loans	Annexure XII
13	Restated Standalone Statement of Other Income	Annexure XIII
14	Restated Standalone Statement of Accounting Ratios	Annexure - XIV
15	Restated Standalone Statement of Capitalisation	Annexure - XV
16	Restated Standalone Statement of Tax Shelter	Annexure XVI
17	Restated Standalone Statement of Dividend Paid	Annexure XVII

Varroc Engineering Limited

Annexure - I
Restated Standalone Statement of Assets and Liabilities

(₹ in Million)

Particulars	Notes / Annexures	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
ASSETS					
Non current assets					
Property, plant and equipment	Annexure V, Note 3	7,503.18	7,595.67	7,168.69	6,908.27
Capital work-in-progress	Annexure V, Note 3	283.37	253.13	444.02	314.97
Investment properties	Annexure V, Note 4	287.86	296.38	307.69	319.00
Intangible assets	Annexure V, Note 5	67.97	46.84	41.29	37.97
Intangible assets under development	Annexure V, Note 5	24.36	0.21	6.32	5.70
Financial assets					
Investments	Annexure X	4,647.21	4,647.21	4,647.11	4,666.69
Loans	Annexure XII	17.31	10.13	5.24	2.56
Other financial assets	Annexure V, Note 6	0.26	0.41	0.11	0.11
Income tax assets (Net)	Annexure V, Note 7	11.43	23.78	40.74	70.26
Other non-current assets	Annexure V, Note 8	204.92	87.88	241.11	124.34
Total non-current assets		**13,047.87**	12,961.64	12,902.32	12,449.87
Current assets					
Inventories	Annexure V, Note 9	1,795.80	1,731.48	1,638.51	1,474.31
Financial assets					
Investments	Annexure X	220.13	-	119.40	24.20
Trade receivables	Annexure XI	3,202.28	2,517.42	2,307.33	1,804.91
Cash and cash equivalents	Annexure V, Note 10(a)	161.47	29.44	70.96	111.44
Other bank balances	Annexure V, Note 10(b)	1.81	1.86	78.89	68.91
Loans	Annexure XII	25.01	25.46	17.67	285.80
Other financial assets	Annexure V, Note 11	38.81	45.75	29.66	58.81
Other current assets	Annexure V, Note 12	238.24	275.67	304.99	354.07
Total current assets		**5,683.55**	4,627.08	4,567.41	4,182.45
Total Assets		**18,731.42**	**17,588.72**	**17,469.73**	**16,632.32**
EQUITY AND LIABILITIES					
Equity					
Equity share capital	Annexure V, Note 13	134.81	143.33	270.89	104.66
Other equity					
Reserves and surplus	Annexure V, Note 14	9,869.68	9,338.04	5,852.41	1,958.21
Other reserves	Annexure V, Note 15	(4.19)	(8.95)	876.38	885.66
Total equity		**10,000.30**	9,472.42	6,999.68	2,948.53
LIABILITIES					
Non-current liabilities					
Financial Liabilities					
Borrowings					
(i) Borrowings other than covered under (ii) below	Annexure VII and Annexure VIII	2,441.87	3,014.69	2,129.51	2,079.06
(ii) Liability portion of CCPS (refer Annexure V, note 13)		-	-	2,060.40	5,894.77
Other financial liabilities	Annexure IX	5.52	5.16	7.29	26.07
Provisions	Annexure V, Note 16	66.19	54.70	48.52	38.83
Deferred tax liabilities (Net)	Annexure V, Note 17	78.94	4.88	47.76	70.43
Other non-current liabilities	Annexure IX	144.86	-	40.04	79.99
Total non-current liabilities		**2,737.38**	3,079.43	4,333.52	8,189.15
Current liabilities					
Financial liabilities					
Borrowings	Annexure VII and Annexure VIII	1,147.19	1,248.57	1,803.92	1,729.04
Trade payables					
- Total outstanding dues of micro enterprises and small enterprises	Annexure V, Note 18	7.06	13.59	16.20	-
- Total outstanding dues other than micro enterprises and small enterprises	Annexure V, Note 18	2,789.58	2,206.05	2,039.44	1,814.34
Acceptances		340.66	296.18	376.36	316.07
Other financial liabilities	Annexure V, Note 19	1,297.84	893.93	1,536.36	1,244.66
Provisions	Annexure V, Note 20	212.05	180.07	178.43	179.64
Other current liabilities	Annexure V, Note 21	199.36	198.48	185.82	210.89
Total current liabilities		**5,993.74**	5,036.87	6,136.53	5,494.64
Total liabilities		**8,731.12**	8,116.30	10,470.05	13,683.79
Total equity and liabilities		**18,731.42**	**17,588.72**	**17,469.73**	**16,632.32**

Note:
The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Restated Standalone Financial Information appearing in Annexure - V and Statement of Adjustments to Audited Standalone Financial Statements appearing in Annexure VI.

The notes are an integral part of these financial statements
As per our report of even date

For and on behalf of the Board of Directors

For Price Waterhouse & Co Chartered Accountants LLP
Chartered Accountants
Firm Registration No: 304026E/E-300009

NARESH CHANDRA
Chairman

TARANG JAIN
Managing Director

GAUTAM KHANDELWAL
Director

AMIT BORKAR
Partner
Membership No : 109846
Place : Pune
Date : March 25, 2018

THARUVAI R. SRINIVASAN
Group Chief Financial Officer
Place: Mumbai
Date: March 25, 2018

RAKESH M.DARJI
Company Secretary

Varroc Engineering Limited

Annexure - II

Restated Standalone Statement of Profit and Loss

(₹ in Million)

Particulars	**Notes / Annexures**	**For nine months ended December 31, 2017**	**For the year ended March 31, 2017**	**For the year ended March 31, 2016**	**For the year ended March 31, 2015 (Proforma)**
Revenue					
Revenue from operations	Annexure V, Note 22	15,382.42	18,120.53	16,888.38	15,891.30
Other income	Annexure XIII	217.68	324.51	168.94	201.71
Total income		**15,600.10**	18,445.04	17,057.32	16,093.01
Expenses					
Cost of materials consumed	Annexure V, Note 23	9,035.54	10,126.56	9,566.61	9,458.21
Purchases of stock-in-trade		336.36	657.59	648.99	361.95
Changes in inventories of work-in-progress, stock-in-trade and finished goods	Annexure V, Note 24	72.53	(67.21)	(163.79)	(111.92)
Excise duty		485.83	1,360.43	1,299.19	1,106.96
Employee benefits expense	Annexure V, Note 25	1,272.07	1,431.76	1,261.18	1,094.80
Depreciation and amortisation expense	Annexure V, Note 26	760.24	962.82	819.34	802.75
Other expenses	Annexure V, Note 27	2,573.11	3,004.45	2,943.19	2,436.00
Finance costs					
(i) Finance costs other than covered under (ii) below	Annexure V, Note 28	295.18	426.90	475.60	467.57
(ii) Imputed interest and changes in cash flow estimates on liability portion of CCPS (Refer Annexure V, Note 13)		-	41.60	(1,267.54)	3,780.43
Total expenses		**14,830.86**	17,944.90	15,582.77	19,396.75
Profit before tax		**769.24**	500.14	1,474.55	(3,303.74)
Income tax expense	Annexure V, Note 30				
Current tax		168.56	107.68	54.75	98.12
Deferred Tax		76.36	(30.89)	(7.04)	(12.31)
Total tax expense		**244.92**	**76.79**	**47.71**	**85.81**
Profit for the period / year		**524.32**	**423.35**	**1,426.84**	**(3,389.55)**
Other comprehensive income					
Items that may be reclassified to profit or loss					
Deferred hedging gains/(losses) on cash flow hedges (net of tax)		4.76	0.33	(9.28)	-
		4.76	**0.33**	**(9.28)**	-
Items that will not be reclassified to profit or loss					
Remeasurement of defined benefit obligation (net of tax)		(1.20)	(8.04)	2.23	(5.37)
		(1.20)	**(8.04)**	**2.23**	**(5.37)**
Other comprehensive income for the period / year (net of tax)		**3.56**	**(7.71)**	**(7.05)**	**(5.37)**
Total comprehensive income for the period / year		**527.88**	**415.64**	**1,419.79**	**(3,394.92)**
Earnings per equity share	Annexure V, Note 41				
Basic		3.67	3.59	13.63	(32.39)
Diluted		3.67	3.59	1.33	(32.39)

Note:
The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Restated Standalone Financial Information appearing in Annexure - V and Statement of Adjustments to Audited Standalone Financial Statements appearing in Annexure VI.

The notes are an integral part of these financial statements
As per our report of even date

For and on behalf of the Board of Directors

For Price Waterhouse & Co Chartered Accountants LLP
Chartered Accountants
Firm Registration No: 304026E/E-300009

NARESH CHANDRA
Chairman

TARANG JAIN
Managing Director

GAUTAM KHANDELWAL
Director

THARUVAI R. SRINIVASAN
Group Chief Financial Officer

RAKESH M.DARJI
Company Secretary

AMIT BORKAR
Partner
Membership No : 109846
Place : Pune
Date : March 25, 2018

Place: Mumbai
Date: March 25, 2018

Annexure - III
Restated Standalone Statement of Changes in Equity

A Equity and preference share capital

	Notes / Annexures	₹ in Million
As at April 1, 2014 (Proforma)	Annexure V, Note 13	**104.66**
Changes in equity share capital		-
As at March 31, 2015 (Proforma)	Annexure V, Note 13	**104.66**
Add: Conversion of 0.001% Series "A" CCPS from liability to equity		166.23
As at March 31, 2016	Annexure V, Note 13	**270.89**
Less:- Conversion of 0.001% Series "A" CCPS to equity		(166.23)
Add:- Issue of equity share on conversion of 0.001% Series "A" CCPS		18.47
Add:- Issue of 0.0001% Series "B" CCPS		8.52
Add:- Issue of 0.0001% Series "C" CCPS		11.68
As at March 31, 2017	Annexure V, Note 13	**143.33**
Add: Conversion of series "B" CCPS Preference shares into 852,359 equity shares.	Annexure V, Note 13(d)	**8.52**
Less: Conversion of 852,349 series "B" CCPS Preference shares into equity shares.	Annexure V, Note 13(d)	**(8.52)**
Less:- Capital reduction	Annexure V, Note 13(f)	**(8.52)**
As at December 31, 2017	Annexure V, Note 13	**134.81**

B Other equity **(₹ in Million)**

	Notes / Annexures	Reserves and Surplus					Other Reserves		Total
		Retained earnings	General reserve	Securities premium reserve	Debenture redemption reserve	Capital reserve	Cash flow hedge reserve	Equity component of CCPS	
Balance at April 1, 2014 (Proforma)		2,999.09	1,443.57	965.65	-	-	-	885.66	6,293.97
Profit for the year		(3,389.55)	-	-	-	-	-	-	(3,389.55)
Remeasurement of defined benefit obligation (net of tax)		(5.37)	-	-	-	-	-	-	(5.37)
Total comprehensive income for the year		**(3,394.92)**	**-**	**-**	**-**		**-**	**-**	**(3,394.92)**
Transitional effect as per the provision of Schedule II of the Companies Act, 2013 (Refer Annexure V A, note 3 (v))		(22.40)	-	-	-	-	-	-	(22.40)
Dividend paid [(₹2.85 per Equity share) (Dividend Distribution Tax ₹Nil.)]	Annexure V, Note 14	(32.78)	-	-	-	-	-	-	(32.78)
									-
Balance at March 31, 2015 (Proforma)		**(451.01)**	**1,443.57**	**965.65**	**-**	**-**	**-**	**885.66**	**2,843.87**

(₹ in Million)

	Notes / Annexures	Reserves and Surplus					Other Reserves		Total
		Retained earnings	General reserve	Securities premium reserve	Debenture redemption reserve	Capital reserve	Cash flow hedge reserve	Equity component of CCPS	
Balance at April 1, 2015		(451.01)	1,443.57	965.65	-	-	-	885.66	2,843.87
Profit for the year		1,426.84	-	-	-	-	-	-	1,426.84
Remeasurement of defined benefit obligation (net of tax)		2.23	-	-	-	-	-	-	2.23
Gain/(loss) on changes in fair value of hedging instruments (net of tax)	Annexure V, Note 15	-	-	-	-	-	(9.28)	-	(9.28)
Total comprehensive income for the year		**1,429.07**	**-**	**-**	**-**	**-**	**(9.28)**	**-**	**1,419.79**
On account of Merger of subsidiary	Annexure V, Note 38	73.97	30.81	-	-	-	-	-	104.78
Transactions with owners in their capacity of owners:									-
Transfer of partial liability on account of series A CCPS	Annexure V, Note 13	-	-	2,400.60	-	-	-	-	2,400.60
Dividend paid [(₹3.5 per Equity share) (Dividend Distribution Tax ₹Nil.)]	Annexure V, Note 14	(40.25)	-	-	-	-	-	-	(40.25)
Balance at March 31, 2016		**1,011.78**	**1,474.38**	**3,366.25**	**-**	**-**	**(9.28)**	**885.66**	**6,728.79**

(₹ in Million)

	Notes / Annexures	Reserves and Surplus					Other Reserves		Total
		Retained earnings	General reserve	Securities premium reserve	Debenture redemption reserve	Capital reserve	Cash flow hedge reserve	Equity component of CCPS	
Balance at April 1, 2016		1,011.78	1,474.38	3,366.25	-	-	(9.28)	885.66	6,728.79
Profit for the year		423.35	-	-	-	-	-	-	423.35
Remeasurement of defined benefit obligation (net of tax)		(8.04)	-	-	-	-	-	-	(8.04)
Gain/(loss) on changes in fair value of hedging instruments (net of tax)	Annexure V, Note 15	-	-	-	-	-	0.33	-	0.33
Total comprehensive income for the year		**415.31**	**-**	**-**	**-**	**-**	**0.33**	**-**	**415.64**
Transfer to debenture redemption reserve	Annexure V, Note 14	(200.00)	-	-	200.00	-	-	-	-
Transactions with owners in their capacity of owners:									
On conversion of Series "A" CCPS	Annexure V, Note 13	-	-	3,135.43	-	-	-	(885.66)	2,249.77
Issue of CCPS Series "B" and "C"	Annexure V, Note 13	-	-	(20.25)	-	-	-	-	(20.25)
Dividend paid (₹3.5 per Equity share including Dividend Distribution Tax ₹4.61 Million)	Annexure V, Note 14	(44.86)	-	-	-	-	-	-	(44.86)
Balance at March 31, 2017		**1,182.23**	**1,474.38**	**6,481.43**	**200.00**	**-**	**(8.95)**	**-**	**9,329.09**

(₹ in Million)

	Notes / Annexures	Reserves and Surplus					Other Reserves		Total
		Retained earnings	General reserve	Securities premium reserve	Debenture redemption reserve	Capital reserve	Cash flow hedge reserve	Equity component of CCPS	
Balance at April 1, 2017		1,182.23	1,474.38	6,481.43	200.00	-	(8.95)	-	9,329.09
Profit for the period		524.32	-	-	-	-	-	-	524.32
Remeasurement of defined benefit obligation (net of tax)		(1.20)	-	-	-	-	-	-	(1.20)
Gain/(loss) on changes in fair value of hedging instruments (net of tax)	Annexure V, Note 15	-	-	-	-	-	4.76	-	4.76
Total comprehensive income for the period		**523.12**	**-**	**-**	**-**	**-**	**4.76**	**-**	**527.88**
Transactions with owners in their capacity of owners:									
Capital reduction	Annexure V, Note 13(f)	-	-	-	-	8.52	-	-	8.52
Balance at December 31, 2017		**1,705.35**	**1,474.38**	**6,481.43**	**200.00**	**8.52**	**(4.19)**	**-**	**9,865.49**

Note:
The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Restated Standalone Financial Information appearing in Annexure - V and Statement of Adjustments to Audited Standalone Financial Statements appearing in Annexure VI.

The notes are an integral part of these financial statements

For and on behalf of the Board of Directors

As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP
Chartered Accountants
Firm Registration No: 304026E/E-300009

NARESH CHANDRA
Chairman

TARANG JAIN
Managing Director

GAUTAM KHANDELWAL
Director

AMIT BORKAR
Partner
Membership No : 109846
Place : Pune
Date : March 25, 2018

THARUVAI R. SRINIVASAN
Group Chief Financial Officer
Place: Mumbai
Date: March 25, 2018

RAKESH M.DARJI
Company Secretary

Varroc Engineering Limited

Annexure - IV

Restated Standalone Statement of Cash Flows

(₹ in Million)

Sr. No	Particulars	For nine months ended December 31, 2017		For the year ended March 31, 2017		For the year ended March 31, 2016		For the year ended March 31, 2015 (Proforma)	
A	**Cash flow from operating activities**								
	Net profit before tax		769.24		500.14		1,474.55		(3,303.74)
	Adjustments for:								
	Depreciation and amortization expense	760.24		962.82		819.34		802.75	
	Provision for diminution in equity instruments of subsidiaries	-		-		-		15.92	
	Loss on sale of Property, plant and equipment / intangible assets	1.82		4.85		7.12		7.99	
	Provision for guarantees for loan taken by subsidiary	13.58		(11.09)		14.20		(35.11)	
	Provision for doubtful debts / advances	7.13		1.24		2.24		-	
	Imputed interest and changes in cash flow estimates on liability portion of CCPS	-		41.60		(1,267.54)		3,780.43	
	Finance costs (other than above)	295.18		426.90		475.60		467.57	
	Rent income from Investment Property	(35.04)		(44.78)		(41.39)		(45.77)	
	Profit on sale of current investments	(0.26)		(9.42)		(7.97)		(11.80)	
	Dividend income	(6.62)		(17.63)		(21.02)		(33.25)	
	Interest income	(1.69)		(6.51)		(20.80)		(41.85)	
	Government grant	(74.62)	959.72	(74.13)	1,273.85	(32.66)	(72.88)	(53.30)	4,853.58
			1,728.96		1,773.99		1,401.67		1,549.84
	Operating profits before working capital changes								
	Adjustments for changes in:								
	Trade receivables	(684.70)		(209.42)		(1,018.40)		(298.12)	
	Trade payables	621.48		95.99		256.67		(369.79)	
	Inventories	(64.32)		(92.97)		(130.76)		(239.28)	
	Other financial assets	(0.66)		(30.80)		15.47		(33.96)	
	Other current and non current assets	136.94		15.57		(5.46)		(71.31)	
	Provisions	28.05		3.23		(7.90)		38.32	
	Other financial liabilities	27.01		18.16		(3.47)		(37.59)	
	Other current and non current liabilities	18.62	82.42	30.56	(169.68)	(22.29)	(916.14)	(46.45)	(1,058.18)
			1,811.38		1,604.31		485.53		491.66
	Cash generated from operations								
	Taxes paid		(156.21)		(90.72)		(25.11)		(98.53)
	Net cash flow from operating activities		1,655.17		1,513.59		460.42		393.13
B	**Cash flow from investing activities**								
	Dividend received	6.62		17.63		21.02		33.25	
	Interest received	2.64		6.51		24.34		41.51	
	(Purchase of)/Proceeds from sale of current investments	(219.87)		128.82		0.58		368.39	
	Proceeds from sale of Property, plant and equipment	86.62		37.24		43.08		4.87	
	Capital subsidy received	-		-		26.57		199.75	
	Rent received on Investment Property	35.04		44.78		41.39		45.77	
	(Increase)/ Decrease in loan to related parties	-		-		268.30		(24.12)	
	Purchase of Property, plant and equipment	(774.53)		(1,122.73)		(1,275.20)		(827.46)	
	Fixed deposits (placed)/ redeemed (net)	0.05		78.59		(3.79)		(31.20)	
	Purchase of non current investments	-		0.10		-		(15.96)	
	Net cash used in investing activities		(863.43)		(809.06)		(853.71)		(205.20)
C	**Cash flow from financing activities**								
	Increase/(Decrease) in long term borrowings	(314.23)		286.10		249.39		(872.65)	
	Increase/(Decrease) in short term borrowings	20.40		(574.33)		598.91		1,162.50	
	Dividend paid on equity shares and preference shares	-		(44.86)		(40.25)		(32.78)	
	Interest paid	(244.10)		(431.96)		(473.91)		(463.78)	
	Net cash flow from financing activities		**(537.93)**		(765.05)		334.14		(206.71)
	Net Increase/ (Decrease) in cash and cash equivalents		**253.81**		**(60.52)**		**(59.15)**		**(18.78)**
	Opening Cash and cash equivalents		(99.48)		(38.96)		17.22		36.00
	Add on account of merger (Refer Annexure V note 38)		-		-		2.97		-
	Closing Cash and cash equivalents		**154.33**		**(99.48)**		**(38.96)**		**17.22**
	Cash and cash equivalents consists of								
	Cash in Hand		1.19		0.63		0.80		1.01
	Bank Balances								
	Current Accounts and deposit with maturity of less than 3 months		160.28		28.81		70.16		110.43
	Bank overdraft (Refer note Annexure VII)		(7.14)		(128.92)		(109.92)		(94.22)
			154.33		**(99.48)**		**(38.96)**		**17.22**

1. The above Statement of Cash Flows has been prepared under the indirect method as set out in Ind AS 7 : "Statement of Cash Flows".
2. Figures in brackets represent outflow of Cash and cash equivalents.
3. The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Restated Standalone Financial Information appearing in Annexure - V and Statement of Adjustments to Audited Standalone Financial Statements appearing in Annexure VI.

As per our report of even date

For and on behalf of the Board of Directors

For Price Waterhouse & Co Chartered Accountants LLP
Chartered Accountants
Firm Registration No: 304026E/E-300009

NARESH CHANDRA
Chairman

TARANG JAIN
Managing Director

GAUTAM KHANDELWAL
Director

AMIT BORKAR
Partner
Membership No : 109846
Place : Pune
Date : March 25, 2018

THARUVAI R. SRINIVASAN
Group Chief Financial Officer
Place: Mumbai
Date: March 25, 2018

RAKESH M.DARJI
Company Secretary

Basis of preparation, Significant accounting policies and Notes to Restated Standalone Financial Statements

For the period / year ended December 31, 2017, March 31, 2017, 2016 and 2015.

1 General information

Varroc Engineering Limited (the "Company") is a limited liability Company, primarily engaged in the business of manufacturing of Automobile components. The Company has 12 manufacturing plants, 3 research and development centers, 3 wind power and 1 solar power projects in India and caters to customers both in the domestic and international markets. The Company and its subsidiaries operate from manufacturing plants and technical development centers across 4 continents and 12 countries spread across the globe.

2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

(i) Presentation of Restated standalone Ind AS financial statements

The Restated Standalone Statement of Assets and Liabilities of the Company as at December 31, 2017, March 31, 2017, 2016 and 2015 and the Restated Standalone Statement of Profit and Loss, the Restated Standalone Statement of Changes in Equity and the Restated Standalone Statement of Cash Flows for nine months ended December 31, 2017 and for the years ended March 31, 2017, 2016, and 2015 and Restated Other Standalone Financial Information (hereinafter collectively referred to as "Restated Standalone Financial Information") has been prepared under Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013. The Restated Standalone Financial Information has been compiled by the Company for the nine months period ended December 31, 2017, year ended March 31, 2017 and year ended March 31, 2016 from the Audited Standalone Financial Statements of the Company prepared under Ind AS and for the year ended March 2015 have been compiled based on Audited Standalone Financial Statements prepared under previous generally accepted accounting principles (Indian GAAP) ("Audited Standalone Financial Statements") adjusted in conformity with Ind AS.

The Restated Standalone Financial Information have been prepared by the management in connection with the proposed listing of equity shares of the Company by way of an initial public offer, which is to be filed by the Company with the Securities and Exchange Board of India ("SEBI"), the Registrar of Companies, Mumbai and the concerned Stock Exchanges in accordance with the requirements of:

a) Section 26 read with applicable provisions within Rules 4 to 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 to the Companies Act, 2013; and

b) The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by the SEBI on August 26, 2009, as amended to date in pursuance of provisions of Securities and Exchange Board of India Act, 1992 read along with SEBI circular No. SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 2016 (together referred to as the "SEBI regulations").

These Restated Standalone Financial Information and Other Standalone Financial Information have been extracted by the Management from the Audited Standalone Financial Statements and :

• there were no audit qualifications on these financial statements,

• there were no changes in accounting policies during the years of these financial statements,

• material amounts relating to adjustments for previous years (if any) in arriving at profit/loss of the years to which they relate, have been appropriately adjusted,

•adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited standalone financial statements of the Company as at and for the nine months ended December 31, 2017 and the requirements of the SEBI Regulations, and

• the resultant tax impact on above adjustments has been appropriately adjusted in deferred tax in the respective years and the impact of current tax in respect of short/excess income tax arising out of assessments, appeals, revised income tax returns, etc., has been adjusted in the current tax of respective years to which they relate.

The Proforma financial information of the Company as at and for the year ended March 31, 2015, is prepared in accordance with requirements of SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/4 dated March 31, 2016 ("SEBI Circular") and Guidance Note on Reports in Company Prospectus (Revised 2016) issued by ICAI ("Guidance Note"). As envisaged by the SEBI Circular, the Company has followed the same accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) as initially adopted on its Ind AS transition date (i.e. April 1, 2015) while preparing proforma financial information for the Financial Year 2014-15 and accordingly suitable restatement adjustments in the accounting heads have been made in the proforma financial information. This proforma Ind AS financial information have been prepared by making Ind AS adjustments to the audited Indian GAAP financial statements as at and for the year ended March 31, 2015.

As specified in the Guidance Note, the equity balance computed under Proforma Ind AS financial statements for the year ended March 31, 2015 and equity balance computed in opening Ind AS Balance sheet as at transition date (i.e. April 1, 2015), prepared for filing under Companies Act, 2013, differs due to restatement adjustments made as at April 1, 2014 and for the year ended 2014-15. Accordingly, the closing equity balance as at March 31, 2015 of the Proforma Ind AS financial statements has not been carried forward to opening Ind AS Balance sheet as at transition date already adopted for reporting under Companies Act, 2013. Reconciliation of the same is disclosed in Annexure V note 2D.

(ii) Compliance with Ind AS

These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended March 31, 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

Financial statements for the year ended March 31, 2017 were the first set of Ind AS financial statements issued by the Company, hence were covered by Ind AS 101, 'First Time Adoption of Indian Accounting Standards'. The transition to Ind AS has been carried out from the accounting principles generally accepted in India ('Indian GAAP'), which is considered as the Previous GAAP, for the purposes of Ind AS 101. Reconciliations and explanations of the effect of the transition from Previous GAAP to Ind AS on the Company`s Equity, Statement of Profit and Loss and Cash Flow Statement are provided in Annexure V - 2D.1 to Annexure V - 2D.5.

The preparation of the Financial Statements requires the use of certain critical accounting estimates and judgements. It also requires the Management to exercise judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2A.

All amounts included in these Financial Statements are reported in Million of Indian rupees (₹ In Million) except per share data and unless stated otherwise. All amounts in the financial statements has been rounded off to the nearest million or decimal thereof.

(iii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

• certain financial assets and liabilities (including derivative instruments) that are measured at fair value; and

• defined benefit plans, plan assets measured at fair value;

(iv) Current - Non-current classification:

All assets and liabilities have been classified as current or non current as per the company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current-non current classification of assets and liabilities.

A) Property, plant and equipment

Tangible assets

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of certain leased furniture, fittings and equipment, the shorter lease term as follows:

• Leasehold Land Amortised over the period of lease

• Buildings 30- 50 years

• Plant and Machinery

  •General Plant and Machinery 8-20 years

  •Moulds 4-7 years

• Computers 3-7 years

• Vehicles 4-7 years

• Furniture and Fixtures 5-10 years

• Other Assets 4-10 years

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

The useful lives have been determined based on technical evaluation done by the management's expert which are different than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income / other expenses as appropriate.

Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are depreciated using the straight-line method over their estimated useful lives. Investment properties generally have a useful life of 30-50 years. The useful life has been determined based on technical evaluation performed by the management's expert.

Intangible assets

(i) Computer software

Costs associated with maintaining software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

• it is technically feasible to complete the software so that it will be available for use

• management intends to complete the software and use or sell it

• there is an ability to use or sell the software

• it can be demonstrated how the software will generate probable future economic benefits

• adequate technical, financial and other resources to complete the development and to use or sell the software are available, and

• the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

(ii) Research and development

Research expenditure and development expenditure that do not meet the criteria in (i) above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Amortisation methods and periods

The company amortises intangible assets with a finite useful life using the straight-line method over the following periods.

Software and ERP Systems are being amortized over a period of three years.

B) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

As a lessee

Leases where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

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.

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. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. 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 group 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 fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit or loss.

Intangible assets with indefinite useful lives are tested for impairment annually as at the year-end at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

C) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

D) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

a) Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

b) Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.

c) Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

d) Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

e) Duties and other taxes (other than those subsequently recoverable by the entity from taxing authorities) are included in value of inventory.

E) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to purchase of property, plant and equipment are included in current and non current liabilities as deferred income and are credited to profit or loss on straight-line basis over the expected lives of the related assets and presented within other income.

F) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. 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 all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the company on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT) and 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.

The specific recognition criteria described below must also be met before revenue is recognized.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. The Company provides normal warranty provisions on some of its products sold, in line with the industry practice. A liability is recognized at the time the product is sold. The Company does not provide any extended warranties.

Sale of services

Income from services is recognised on the basis of time/work completed as per contract with the customers. The Company collects service tax and GST on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Wind/solar power generation

Income from the wind / solar power generation is recognised when earned on the basis of contractual arrangements with the buyers.

Duty Drawback

Income from duty drawback and export incentives is recognised on an accrual basis.

G) Other Income

Interest: Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Rent income is recognised on accrual basis when earned in accordance with the agreement.

Dividend: Revenue is recognized when the Company`s right to receive the payment is established, which is generally when shareholders approve the dividend.

H) Foreign currency translation

The company financial statements are presented in INR, which is also the functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of the following:

Exchange differences arising on monetary items that are designated as part of the hedge of the company's net investment of a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.

Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

I) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees’ services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leaves are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations
The company operates the following post-employment schemes:
(a) defined benefit plans such as gratuity; and
(b) defined contribution plans such as provident fund

Gratuity obligations
The liability or asset recognised in the balance sheet in respect of defined benefit and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.
Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.
Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans
The company makes contributions to funds for certain employees to the regulatory authorities. The company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Bonus plans
The company recognises a liability and an expense for bonuses. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(v) Termination benefits
Termination benefits are payable when employment is terminated by the company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

J) Income tax
Current tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The income tax expenses for the interim financial statements is based on an estimated average annual effective income tax rate, consistent with the annual assessment of the current tax.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:
-In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized 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, except:
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting 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 tax asset to be utilised. 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 and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.
Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

K) Provisions

General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a 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 or 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.

Warranty provisions

Provisions for warranty-related costs are recognized when the product is sold or service provided to the customer. Initial recognition is based on historical experience.

Contingent liabilities

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognized net of the amount of sales/ value added taxes paid, except:

-When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable

-When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

L) Earnings Per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

• the profit attributable to owners of the company

• by the weighted average number of equity shares outstanding during the financial year. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

• the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

• the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

Dilutive potential equity shares are deemed converted as at the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods/ years presented for any share splits and bonus shares issues including for changes effected prior to the authorization for issue of the financial statements by the Board of Directors.

M) Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits 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 short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

N) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

O) Contributed equity

Equity instrument including its component parts are classified in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

P) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

R) Equity Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The accounting policy on impairment of non-financial assets is disclosed in Note B (above).On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognized in the statement of profit and loss.

S) Financial Instruments

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized 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, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- 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 in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/losses are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss. This category generally applies to interest bearing loans and borrowings.

Financial guarantee contracts

Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of the debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per the impairment requirements of Ind-AS 109 and the amount recognized less cumulative amortization.

Derecognition

A financial liability is derecognized 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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Embedded Derivatives

If the hybrid contract contains a host that is a financial asset within the scope of Ind-AS 109, the company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind-AS 109 to the entire hybrid contract.

Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss, unless designated as effective hedging instruments. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

Embedded derivatives closely related to the host contracts are not separated.

Embedded foreign currency derivatives

Embedded foreign currency derivatives are not separated from the host contract if they are closely related. Such embedded derivatives are closely related to the host contract, if the host contract is not leveraged, does not contain any option feature and requires payments in one of the following currencies:

-the functional currency of any substantial party to that contract,

-the currency in which the price of the related good or service that is acquired or delivered is routinely denominated in commercial transactions around the world,

-a currency that is commonly used in contracts to purchase or sell non-financial items in the economic environment in which the transaction takes place (i.e. relatively liquid and stable currency)

Foreign currency embedded derivatives which do not meet the above criteria are separated and the derivative is accounted for at fair value through profit and loss. The company currently does not have any such derivatives which are not closely related.

Fair value measurement
The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (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.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.
Disclosures for valuation methods, significant estimates and assumptions (Note 34)
Quantitative disclosures of fair value measurement hierarchy (Note 34)
Financial instruments (including those carried at amortized cost) (Note 35, 36 and 37)

Derivative financial instruments and hedge accounting
Initial recognition and subsequent measurement
The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively. 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. 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, except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:
1) Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment

2) Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment

3) Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognized in finance costs and the ineffective portion relating to commodity contracts is recognized in other income or expenses.

Amounts recognized as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Financial Assets

Initial Recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit and loss, transactions costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:
-Debt instruments at amortized cost
-Debt instruments at fair value through other comprehensive income (FVTOCI)
-Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
-Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included in finance costs/income in the Statement of Profit or Loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

Debt instruments at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

(a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

(b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the P&L. On de-recognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income under EIR method.

Debt instruments at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI is classified as FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instruments as at FVTPL.
Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in P&L.

Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind-AS 103 applies are classified as at FVTPL. For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such an election on an instrument-by-instrument basis. This classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on the sale of the investment. However, the company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in P&L.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognized (i.e. removed from the company balance sheet) when:

-The rights to receive cash flows from the asset have expired, or
-The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognize the transferred asset to the extent of the company continuing involvement. In that case, the company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.
Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

Impairment of financial assets

In accordance with Ind-AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:-
(a) Financial assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balance

(b) Financial assets that are debt instruments and are measured at FVTOCI

(c) Lease receivables under Ind-AS 17

(d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.

(e) Loan commitments which are not measured as at FVTPL

(f) Financial guarantee contracts which are not measured as at FVTPL

The company follows 'simplified approach' for recognition of impairment loss allowance on:
-Trade receivables and
-All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the company is in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

-All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

-Cash flows from the sale of the collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

Financial assets measured at amortized cost, contract assets and lease receivables:
ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.

Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet i.e. as a liability.

Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.
The company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/origination.

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.

The company senior management determines changes in the business model as result of external or internal changes which are significant to the company operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to the operations.

If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassifications and how they are accounted for:

Original Classification	Revised Classification	Accounting Treatment
Amortized cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in P&L.
FVTPL	Amortized cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortized cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in OCI. No change in EIR due to reclassification.
FVTOCI	Amortized cost	Fair value at reclassification date becomes its new amortized cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortized cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

Note 2A : Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the accompanying disclosures.

These judgments, estimates and assumptions are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

This note provides an overview of the areas that involve a higher degree of judgments or complexities and of items which are more likely to be materially adjusted due to estimates and assumptions to be different than those originally assessed. Detailed information about each of these judgments, estimates and assumptions is mentioned below. These Judgments, estimates and assumptions are continually evaluated.

Significant estimates and judgements

1 **Impairment of financial assets**
The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

2 **Fair valuation of financial instruments**
When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model (DCF). The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

3 **Defined benefit plan**
The liability or asset recognised in the balance sheet in respect of gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.
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, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.
The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.
The mortality rate is based on Indian Assured Lives Mortality (2006-08) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes.
Future salary increases and gratuity increases are based on expected future inflation rates.
Further details about gratuity obligation are given in Note 33.

4 **Deferred Tax**
At each reporting date, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income or if changes in current tax regulations are enacted.

5 **Claims payables and receivable to customers**
The company has made accruals in respect of unsettled prices for some of its raw materials purchase contracts and finished goods sales contracts. These accruals are made considering the past settlement formula / communications with the vendors and customers respectively. The management has assessed and believes that the timing of cash outflow pertaining to these accruals are uncertain and hence considered the same as payable / receivable on demand and classified under current liabilities / assets respectively.

Note 2B New pronouncements not yet adopted by the Company:

There are no standards or interpretations that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Note 2C First-time adoption

The financial statements for the year ended March 2017 are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet at April 1, 2015 (the date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial positions and financial performance is set out in the following tables and notes.

A) Ind AS optional exemptions availed

Set out below are the applicable Ind AS 101 optional exemptions applied in the transition from previous GAAP to Ind AS.

i) Cumulative translation differences

Ind AS 101 permits cumulative translation gains and losses to be reset to zero at the transition date. This provides relief from determining cumulative currency translation differences in accordance with Ind AS 21 from the date a subsidiary or equity method investee was formed or acquired.

Accordingly, the Company elected to reset all cumulative translation gains and losses to zero by transferring it to opening retained earnings at its transition date.

ii) Deemed cost- Property, plant and equipment, intangible assets and investment properties

Ind AS 101 permits a first-time adopter to elect to continue with the 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 and investment property covered by Ind AS 40 Investment Properties.

Accordingly, the company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

iii) Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement.

Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

Accordingly, the Company has elected to apply this exemption for such contracts/arrangements.

iv) Deemed cost for investments in subsidiaries

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its investments in subsidiaries 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.

Accordingly, the Company has elected to measure all of its investments in subsidiaries at their previous GAAP carrying value.

v) Long Term Foreign Currency Monetary Items

A first-time adopter may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP.

The Company has decided to discontinue with policy of accounting for exchange differences arising from translation of long-term foreign currency monetary items in the "Foreign Currency Monetary Item Translation Reserve." The balance in the said reserve, on the date of transition, has been transferred to the retained earnings balance.

The remaining exemptions either do not apply or are not relevant to the company.

B) Ind AS mandatory exceptions

Set out below are the applicable Ind AS 101 mandatory exceptions applied in the transition from previous GAAP to Ind AS.

i) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

ii) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:
Investment in equity instruments carried at FVPL or FVOCI;
Investment in debt instruments carried at FVPL; and
Impairment of financial assets based on expected credit loss model.

iii) De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.
Accordingly, the Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

iv) Hedge accounting

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in Ind AS 109, at that date. Hedging relationships cannot be designated retrospectively, and the supporting documentation cannot be created retrospectively. As a result, only hedging relationships that satisfied the hedge accounting criteria as of 1 April 2015 are reflected as hedges in the Company results under Ind AS.
The Company had designated various hedging relationships as cash flow hedges and fair value hedges under the previous GAAP. On date of transition to Ind AS, the entity had assessed that all the designated hedging relationship qualifies for hedge accounting as per Ind AS 109. Consequently, the Company continues to apply hedge accounting on and after the date of transition to Ind AS.

The remaining mandatory exceptions either do not apply or are not relevant to the company.

Annexure V: Notes to Restated Standalone Financial Information

2C First time Ind AS adoption reconciliation

2C.1 Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represents the reconciliation from previous GAAP to Ind AS.

(₹ in Million)

	As at March 31, 2016				As at April 01, 2015 (Date of Transition)			
	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind AS	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind AS
Assets								
Non Current Assets								
Property, plant and equipment	1,9,11	7,430.88	(262.17)	7,168.71	1,9	7,185.95	(277.68)	6,908.27
Capital work-in-progress		444.02	-	444.02		314.97	-	314.97
Investment properties	1	-	307.69	307.69	1	-	319.00	319.00
Other intangible assets		41.29	-	41.29		37.97	-	37.97
Intangible assets under development		6.31	-	6.31		5.70	-	5.70
Financial assets								
Investments		4,647.11	-	4,647.11		4,666.69	-	4,666.69
Other financial assets	2	6.64	(1.29)	5.35	2	3.09	(0.42)	2.67
Income tax assets (Net)		44.04	-	44.04		70.52	-	70.52
Other non-current assets		241.11	-	241.11		124.34	-	124.34
Total non-current assets		12,861.40	44.23	12,905.63		12,409.23	40.90	12,450.13
Current assets								
Inventories		1,638.51	-	1,638.51		1,474.31	-	1,474.31
Financial assets								-
Investments	3	117.30	2.10	119.40	3	19.60	4.60	24.20
Trade receivables	4	1,607.53	699.80	2,307.33		565.39	-	565.39
Cash and cash equivalents		70.96	-	70.96		111.44	-	111.44
Other bank balances		78.89	-	78.89		68.91	-	68.91
Loans		1.15	-	1.15		269.33	-	269.33
Other financial assets		46.18	-	46.18	6	68.17	7.11	75.28
Other current assets	2	304.55	0.44	304.99	2	351.39	(0.82)	350.57
Assets classified as held for sale		-	-	-		-	-	-
Total current assets		3,865.07	702.34	4,567.41		2,928.54	10.89	2,939.43
Total Assets		16,726.47	746.57	17,473.04		15,337.77	51.79	15,389.56
EQUITY AND LIABILITIES								
Equity								
Equity share capital		404.66	(133.77)	270.89	15	404.66	(300.00)	104.66
Other equity								
Reserves and surplus	5, 14,15	8,748.70	(2,892.98)	5,855.72	5, 14,15	8,544.66	(6,588.48)	1,956.18
Other reserves	12, 15	(22.70)	899.08	876.38	15	-	885.66	885.66
Total equity		9,130.66	(2,127.67)	7,002.99		8,949.32	(6,002.82)	2,946.50
LIABILITIES								
Non-current liabilities								
Financial Liabilities								
Borrowings including liability portion of CCPS	7,15	2,132.03	2,057.88	4,189.91	7, 15	2,104.89	5,868.94	7,973.83
Other financial liabilities	2	8.61	(1.32)	7.29	2	27.87	(1.80)	26.07
Provisions		48.52	-	48.52		38.83	-	38.83
Deferred tax liabilities (Net)	13	49.85	(2.09)	47.76	13	67.42	1.80	69.22
Other non-current liabilities	8	-	40.04	40.04	8	-	79.99	79.99
Total non-current liabilities		2,239.01	2,094.51	4,333.52		2,239.01	5,948.93	8,187.94
Current liabilities								
Financial liabilities								
Borrowings	4	1,104.19	699.73	1,803.92		489.52	-	489.52
Trade payables including payable to MSME		2,055.64	-	2,055.64		1,814.34	-	1,814.34
Acceptance		376.36	-	376.36		316.07	-	316.07
Other financial liabilities		1,536.36	-	1,536.36	14	1,225.74	18.92	1,244.66
Provisions		178.43	-	178.43		179.64	-	179.64
Other current liabilities	2,8,9	105.82	80.00	185.82	2,8,9	124.13	86.76	210.89
		5,356.80	779.73	6,136.53		4,149.44	105.68	4,255.12
Total current liabilities		5,356.80	779.73	6,136.53		4,149.44	105.68	4,255.12
Total equity and liabilities		16,726.47	746.57	17,473.04		15,337.77	51.79	15,389.56

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

(₹ in Million)

2C.2 Reconciliation of total equity as at March 31, 2016 and April 1, 2015	Notes to first-time adoption	As at March 31, 2016	As at April 01, 2015 (Date of Transition)
Total equity (Shareholders' funds) as per previous GAAP		9,130.66	8,949.32
Adjustment:			
Liability portion of CCPS	15	(2,060.40)	(5,894.77)
Fair valuation of investments	3	2.08	4.59
EPCG Grant Recognised	9	39.79	13.35
Depreciation on EPCG Grant Capitalised	9	(25.61)	(17.73)
Amortisation of borrowing cost	7	1.49	3.48
Exchange loss capitalised under Para 46 A of AS 11 now reversed	11	(5.08)	0.77
Mark to market gain on forward contracts	6	-	7.13
Unamortised portion of deferred government grant	8	(79.92)	(119.84)
Unwinding of interest on security deposits	2	(0.02)	0.20
		(2,127.67)	(6,002.82)
Total Equity as per Ind AS		7,002.99	2,946.50

Reconciliation From Ind AS to Restated equity

Particulars	As at March 31, 2016	As at 1 April, 2015
Total equity (Shareholders' funds) as per Ind AS Financial Statements	7,002.99	2,946.50
SEBI Restatement adjustments	(3.31)	2.03
Shareholders' funds as per Restated Financial Statements	6,999.68	2,948.53

2C.3 Effect of Ind AS adoption of Standalone Statement of Profit and Loss for the year ended March 31, 2016.				(₹ in Million)
Particulars	For the year ended March 31, 2016			
	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind AS
Continuing operations				
Revenue from operations	16	15,639.48	1,248.90	16,888.38
Other income	8,9,17	161.59	10.85	172.44
Total income		15,801.07	1,259.75	17,060.82
Expenses				
Cost of materials consumed	17	9,586.41	(19.80)	9,566.61
Purchases of stock-in-trade	17	651.69	(2.70)	648.99
Changes in inventories of work-in-progress, stock-in-trade and finished goods		(163.79)	-	(163.79)
Excise duty	16	-	1,299.19	1,299.19
Employee benefit expense	18	1,257.77	3.41	1,261.18
Depreciation and amortisation expense	9	811.45	7.89	819.34
Other expenses	6,11,16	2,988.88	(45.69)	2,943.19
Finance costs	7,15	436.31	(1,228.25)	(791.94)
Total expenses		15,568.72	14.05	15,582.77
Profit before exceptional items and tax		232.35	1,245.70	1,478.05
Exceptional items		(9.00)	9.00	-
Profit before tax		223.35	1,254.70	1,478.05
Income tax expense				
Current tax		51.70	-	51.70
Deferred Tax	13	(4.67)	(1.16)	(5.83)
Total tax expense		47.03	(1.16)	45.87
Profit for the year		176.32	1,255.86	1,432.18
Other comprehensive income				
Items that may not be reclassified to profit or loss				
Remeasurement of defined benefit obligation	18	-	3.41	3.41
Income tax relating to these items	13	-	(1.18)	(1.18)
Items that may be reclassified to profit or loss				
Deferred hedging losses on cash flow hedges	12	-	(22.70)	(22.70)
Income tax relating to these items	13	-	13.42	13.42
Other comprehensive income for the year, net of tax		-	(7.05)	(7.05)
Total comprehensive income for the year		176.32	1,248.81	1,425.13

(₹ in Million)

2C.4 Reconciliation of total comprehensive income as at March 31, 2016

Particulars	**For the year ended March 31, 2016**	
	Note	Amount
Profit after tax as per previous GAAP		176.32
Adjustments:		
Imputed interest and changes in cash flow estimates on liability portion of CCPS	15	1,267.50
Depreciation on EPCG Grant Capitalised during the year	9	(7.90)
Unwinding of interest on security deposits	2	0.33
Amortisation of deferred government grant	8,9	32.70
Remeasurement of defined benefit obligation	18	(3.40)
Amortisation of borrowing cost	7	(2.08)
Exchange loss capitalised under Para 46 A of AS 11 now reversed	11	(5.10)
Amortisation of Foreign currency monetary item translation difference account reversed	11	(16.10)
Reversal of mark to market gain on forward contracts	6	(7.10)
Loss on fair valuation of current investments	3	(2.50)
Unwinding of interest on security deposits	2	(0.49)
Total Adjustments		**1,255.86**
Profit after tax as per Ind AS		1,432.18
Other comprehensive income -Remeasurement of defined benefit obligation (net of tax)	18	2.23
Deferred losses on cash flow hedges (net of taxes)	12	(9.28)
Total Other comprehensive income as per Ind AS		**1,425.13**

2C.5 Effect of Ind AS adoption on the Restated Standalone Statement of Cash Flows for the year ended March 31, 2016

Particulars	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	554.90	(94.48)	460.42
Net cash flow from investing activities	(906.64)	52.93	(853.71)
Net cash flow from financing activities	308.30	25.84	334.14
Net increase/(decrease) in cash and cash equivalents	(43.44)	(15.71)	(59.15)
cash and cash equivalents as at April 1, 2015	111.43	(94.21)	17.22
Add: on account of merger	2.97	-	2.97
cash and cash equivalents as at March 31, 2016	70.96	(109.92)	(38.96)

Reconciliation From Ind AS to Restated Total comprehensive income

Particulars	**As at March 31, 2016**
Total comprehensive income as per Ind AS (Refer above)	1,425.13
SEBI Restatment adjustments	(5.34)
Total Comprehensive Income as per Restated Financial Statements (Refer Annexure II)	**1,419.79**

Notes to first-time adoption:

Note 1: Investment property

Under the previous GAAP, investment properties were presented as part of Property, plant and equipment. Under Ind AS, investment properties are required to be separately presented on the face of the balance sheet. There is no impact on the total equity or profit as a result of this adjustment.

Note 2: Security deposits

Certain interest-free security deposits have been discounted using market rates of interest as required under Ind AS and recorded at amortized cost as on the transition date i.e. April 1, 2015: ₹ 1.3 Million and subsequently on March 31, 2016: ₹0.4 Million.

Note 3: Fair Valuation of Investment

Under previous GAAP, current investments are shown at cost or Net Realizable Value, whichever is lower. Under Ind AS, current investments are shown at fair value as at the balance-sheet date. As a result, the impact of fair value on investments as on March 31, 2016 is ₹ 2.08 Million. (March 31, 2015: ₹ 4.59 Million.)

Note 4: Financial liability

As per Ind AS 109, an entity shall remove a financial asset (or a part of a financial asset) from its balance sheet when, and only when, it has transferred all risk and rewards of ownership of financial asset. As per Ind AS 101, derecognition requirements in Ind AS 109 should apply prospectively to the transactions occurring on or after the date of transition. Accordingly, Management has recognized trade receivable relating to bill discounting arrangement with customer and recognized corresponding financial liability as on March 31, 2016 ₹ 699.84 Million. This has also resulted in change in cash flows from operating activities and financing activities.

Note 5: Foreign currency translation reserve

Ind AS 101 permits cumulative translation gains and losses to be reset to zero at the transition date, accordingly balance appearing in the foreign currency translation reserve of ₹ 42.9 Million as at April 1, 2015 has been transferred to retained earnings. There is no impact on equity as a result of this adjustment.

Note 6: Forward Contracts not designated as hedging instruments

Under Indian GAAP, the forward exchange contracts were accounted based on Accounting Standard 11 " The effects of changes in foreign exchange rates". Under Ind-AS, fair value of forward foreign exchange contracts has been recognised and the corresponding adjustments have been made in the Statement of Profit & Loss. There is no impact on total equity as on March 31, 2016 as the retained earning in Opening balance sheet has increased by ₹ 7.1 Million and profit for the year ended March 31, 2016 has reduced by equivalent amount.

Note 7: Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised over the period of the borrowings using straight line basis. Under Ind AS, transaction costs are included in the initially recognised amount of financial liability and charged to profit or loss using effective interest rate. Accordingly, borrowings as at March 31, 2016 have been reduced by ₹ 3.6 Million (April 1, 2015 ₹6.1 Million) with a corresponding adjustment to retained earnings (net of deferred tax). The total equity increased by an equivalent amount. The profit for the year ended March 31, 2016 reduced by ₹ 2.08 Million as a result of the additional interest expense.

Note 8: Capital subsidy

Under the previous GAAP, capital subsidies received from government were treated as capital receipt and directly accounted under reserves as promotor's contribution. Under Ind AS, capital subsidy received is required to be recognised as deferred government grant and amortised over the period of useful life of the asset. Accordingly, as on April 1, 2015 equity is reduced by ₹ 120.0 Million (March 31, 2016 ₹ 80.0 Million) and income of ₹ 40.0 Million has been recognised in the profit and loss for the year ended March 31, 2016. Also, there is a reversal of a portion of a government grant debited to profit and loss amounting to ₹ 33.7 Million on account of disallowance.

Note 9: Export Promotion Capital Goods ("EPCG") benefits

Ind AS 20 requires presentation of such benefits in balance sheet by setting up the grant as deferred income and adding it to the cost of Property, plant and equipments. Deferred income will be recognised as income as and when the obligation under the scheme is fulfilled. Addition to property, plant and equipments is depreciated over the useful life of the asset.

Accordingly, amount of ₹ 78.8 Million during the year ended March 31, 2016 (April 1, 2015 - ₹ 59.0 Million) has been added to the cost of property, plant and equipments with corresponding accrual of Deferred government grant. Amortisation of Deferred government grant of ₹ 26.4 Million is accounted in other income for the year ended March 31, 2016 (April 1, 2015 - ₹ 13.4 Million credited to retained earning). Similarly, depreciation of ₹ 7.9 Million for March 31, 2016 (April 1, 2015 - ₹ 17.7 Million) has been reduced from PPE with corresponding debit to retained earnings.

Note 10: Bank Overdraft

Under previous GAAP, bank overdrafts were considered as part of borrowings and movements in bank overdrafts were shown as part of financing activities. Under Ind AS, bank overdrafts repayable on demand and which form an integral part of the cash management process are included in cash and cash equivalents for the purpose of presentation of statement of cash flows. Consequently, cash and cash equivalents have reduced by ₹109.87 Million as at March 31, 2016 (April 1, 2015 ₹ 94.20 Million) and cash flows from financing activities for the year ended March 31, 2016 have also reduced by ₹ 15.67 Million to the effect of the movements in bank overdrafts.

Note 11: Long Term Foreign Currency Monetary Items

A first-time adopter may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP.

The Company has decided to discontinue with policy of accounting for exchange differences arising from translation of long-term foreign currency monetary items in the "Foreign Currency Monetary Item Translation Reserve." The balance of ₹ 71.2 Million in the said reserve, on the date of transition, is transferred to the retained earnings balance hence there is no impact on total equity. The amortisation of ₹26.6 Million debited to profit and loss during the year ended March 31, 2016 has been reversed. Also, exchange difference of ₹ 7.7 Million arises during the year ended March 31, 2016 which was capitalised under PPE has been reversed and debited to profit and loss.

Note 12: Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as "other comprehensive income" includes remeasurements of defined benefit plans and effective portion of gains and losses on cash flow hedging instruments. The concept of other comprehensive income did not exist under previous GAAP.

Note 13: Deferred tax

Under previous GAAP, MAT credit entitlement under the Income tax act, 1961 was disclosed as non current asset. Under Ind AS all tax credits are required to be disclosed as a deferred tax asset. The adjustments to deferred tax asset includes the tax impact of the transition adjustments and classification of MAT Credit entitlement as deferred tax asset.

Note 14: Retained Earnings

Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

Note 15: Conversion of Series A CCPS:

Under Ind AS, Series A CCPS have been classified as compound financial instrument. At inception date, the value of the liability component is derived by discounting the future streams of cash flow and the equity component being assigned the residual value. As at April 01, 2015, March 31, 2016 and March 31, 2017 Series A CCPS have been measured and accounted based on the terms of the agreement, provisions of Ind AS 109 and section 68 (2) (c) of the Companies Act, 2013.

Accordingly, there is decrease in equity by ₹ 5894.77 Million, increase in liability by 5894.77 Million on the transition date and increase in equity by ₹ 3834.3 Million, decrease in liability by ₹ 3834.3 Million as at March 31, 2016. The profit before tax for the year ended March 31, 2016 has increased by ₹ 1267.5 Million.

Note 16: Revenue

Excise Duty:

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, Revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expense for the year ended March 31, 2016 by ₹1,299.19 Million. There is no impact on the total equity and profit for the year ended March 31, 2016.

Discount given to customer:

As per Ind AS, the amount of revenue arising on a transaction is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity. Accordingly, the Company has netted off discounts allowed to customers with revenue. The amount netted out with revenue for the year ended March 31, 2016 is ₹ 50.29 Million

Note 17: Cost of Material Consumed

Discount received from Vendor:

Under previous GAAP, discounts received from vendors are considered in other income whereas, under Ind AS such amount of ₹19.80 Million and ₹ 2.70 Million is adjusted with the cost of material consumed and Purchases of stock-in-trade. There is no impact on the total equity and profit for the year ended March 31, 2016.

Note 18: Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e., actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expenses on the net defined liability are recognised in other comprehensive income. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 decreased by ₹3.40 Million with resulted increase in OCI. There is no impact on total equity.

2D Proforma Financial Statements

The Proforma financial information of the Company as at and for the year ended March 31, 2015, is prepared in accordance with requirements of SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/4 dated March 31, 2016 ("SEBI Circular"). As envisaged by the SEBI Circular, the Company has followed the same accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) as initially adopted on its Ind AS transition date (i.e. April 1, 2015) while preparing the proforma financial information for the FY 2014-15 and accordingly suitable restatement adjustments in the accounting heads has been made in the proforma financial information. This proforma Ind AS financial information has been prepared by making Ind AS adjustments to the audited Indian GAAP financial statements as at and for the year ended March 31, 2015 as described in this Note. The impact of Ind AS on the equity under Indian GAAP as at April 01, 2014 and as at March 31, 2015 and the impact on the profit or loss for the year ended March 31, 2015 due to the Ind- AS principles applied on proforma basis can be explained as under:

(₹ in Million)

	Notes	As at March 31, 2015 (Proforma)	As at April 01, 2014 (Proforma)
Total equity (Shareholders' funds) as per previous GAAP		8,949.32	8,675.20
Adjustment:			
Liability portion of CCPS	15	(5,894.77)	(2,114.34)
Fair valuation of investments	3	4.59	5.55
EPCG Grant Recognised	9	13.35	-
Depreciation on EPCG Grant Capitalised	9	(17.73)	(11.82)
Amortisation of borrowing cost	7	3.48	3.48
Exchange loss capitalised under Para 46 A of AS 11 now reversed	11	0.77	-
Mark to market gain on forward contracts	6	7.13	-
Unamortised portion of deferred government grant	8	(119.84)	(159.78)
Unwinding of interest on security deposits	2	0.20	0.23
Total proforma adjustments to equity		(6,002.82)	(2,276.68)
Total Equity as per Proforma Ind AS Financial Statements		**2,946.50**	**6,398.52**
Total equity under Ind AS - As at April 1, 2015 - Date of transition*		**2,946.50**	

***Refer note no 2C.2**

Reconciliation From Ind AS to Restated equity

(₹ in Million)

Particulars	**As at March 31, 2015**	**As at April 01, 2014 (Proforma)**
Shareholders' funds as per Proforma Ind AS Financial Statements	2,946.50	6,398.52
SEBI Restatement adjustments	2.03	0.11
Shareholders' funds as per Restated Financial Statements	2,948.53	6,398.63

2D.1 Effect of proforma Ind AS adjustments on the Statement of Assets and Liabilities as at March 31, 2015

(₹ in Million)

Particulars	As at March 31, 2015 (Proforma)			
	Notes to Proforma adjustments	Previous GAAP*	Adjustments	Ind AS
Assets				
Non Current Assets				
Property, plant and equipment	1,9	7,185.95	(277.68)	6,908.27
Capital work-in-progress		314.97	-	314.97
Investment properties	1	-	319.00	319.00
Other intangible assets		37.97	-	37.97
Intangible assets under development		5.70	-	5.70
Financial assets				
Investments		4,666.69	-	4,666.69
Other financial assets	2	3.09	(0.42)	2.67
Income tax assets (Net)		70.52	-	70.52
Other non-current assets		124.34	-	124.34
Total non-current assets		12,409.23	40.90	12,450.13
Current assets				
Inventories		1,474.31	-	1,474.31
Financial assets				
Investments	3	19.60	4.60	24.20
Trade receivables	4	565.39	1,239.52	1,804.91
Cash and cash equivalents		111.44	-	111.44
Other bank balances		68.91	-	68.91
Loans		269.33	-	269.33
Other financial assets	6	68.17	7.11	75.28
Other current assets	2	351.39	(0.82)	350.57
Assets classified as held for sale		-	-	-
Total current assets		2,928.54	1,250.41	4,178.95
Total Assets		15,337.77	1,291.31	16,629.08
EQUITY AND LIABILITIES				
Equity				
Equity share capital	15	404.66	(300.00)	104.66
Other equity				
Reserves and surplus	5, 14,15	8,544.66	(6,588.48)	1,956.18
Other reserves	15	-	885.66	885.66
Total equity		8,949.32	(6,002.82)	2,946.50
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
Borrowings including liability portion of CCPS	7, 15	2,104.89	5,868.94	7,973.83
Other financial liabilities	2	27.87	(1.80)	26.07
Provisions		38.83	-	38.83
Deferred tax liabilities (Net)	13	67.42	1.80	69.22
Other non-current liabilities	8	-	79.99	79.99
Total non-current liabilities		2,239.01	5,948.93	8,187.94
Current liabilities				
Financial liabilities				
Borrowings	4	489.52	1,239.52	1,729.04
Trade payables including payable to MSME		1,814.34	-	1,814.34
Acceptance		316.07	-	316.07
Other financial liabilities	14	1,225.74	18.92	1,244.66
Provisions		179.64	-	179.64
Other current liabilities	2,8,9	124.13	86.76	210.89
		4,149.44	1,345.20	5,494.64
Total current liabilities		4,149.44	1,345.20	5,494.64
Total equity and liabilities		15,337.77	1,291.31	16,629.08

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

2D.2 Effect of proforma Ind AS adjustments on the Statement of Profit and Loss for the year ended March 31, 2015 (Proforma).

(₹ in Million)

Particulars	Notes to Proforma adjustments	Previous GAAP*	Adjustments	IND AS
Continuing operations				
Revenue from operations	16	14,832.70	1,058.60	15,891.30
Other income	8,9,17	168.50	33.21	201.71
Total income		15,001.20	1,091.81	16,093.01
Expenses				
Cost of materials consumed	17	9,476.00	(17.79)	9,458.21
Purchases of stock-in-trade	17	366.80	(4.85)	361.95
Changes in inventories of work-in-progress, stock-in-trade and finished goods		(111.92)	-	(111.92)
Excise duty	16	-	1,106.96	1,106.96
Employee benefit expense	18	1,103.00	(8.20)	1,094.80
Depreciation and amortisation expense	9	796.70	6.05	802.75
Other expenses	6,11,16	2,532.30	(96.30)	2,436.00
Finance costs	7,15	451.40	16.17	467.57
Imputed interest and changes in cash flow estimates on liability portion of CCPS	7,15	-	3,780.43	3,780.43
Total expenses		14,614.28	4,782.47	19,396.75
Profit before exceptional items and tax		386.92	(3,690.66)	(3,303.74)
Less:- Exceptional items		(42.90)	42.90	-
Profit before tax		429.82	(3,733.56)	(3,303.74)
Income tax expense				
Current tax		100.04	-	100.04
Deferred Tax	13	(15.20)	2.89	(12.31)
Total tax expense		84.84	2.89	87.73
Profit for the year		344.98	(3,736.45)	(3,391.47)
Other comprehensive income				
Items that may not be reclassified to profit or loss				
Remeasurement of defined benefit obligation	18	-	(8.21)	(8.21)
Income tax relating to these items	13	-	2.84	2.84
		-	(5.37)	(5.37)
Other comprehensive income for the year, net of tax		-	(5.37)	(5.37)
Total comprehensive income for the year		344.98	(3,741.82)	(3,396.84)

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

(₹ in Million)

2D.3 Reconciliation of total comprehensive income as at March 31, 2015

Particulars	For the year ended March 31, 2015 (Proforma)	
	Note	Amount
Profit after tax as per previous GAAP		344.98
Adjustments:		
Imputed interest and changes in cash flow estimates on liability portion of CCPS	15	(3,780.43)
Depreciation on EPCG Grant Capitalised during the year	9	(5.92)
Amortisation of deferred government grant	8,9	53.28
Fair valuation of Investments	3	(0.97)
Remeasurement of defined benefit obligation	18	5.37
Amortisation of Foreign currency monetary item translation difference account reversed	11	(15.69)
Mark to market adjustments related to forward contracts	6	7.13
Adoption of Guidance Note		0.78
Total Adjustments		**(3,736.45)**
Profit after tax as per Ind AS - Proforma Financial Statements		(3,391.47)
Other comprehensive income -Remeasurement of defined benefit obligation (net of tax)	18	(5.37)
Total Other comprehensive income as per Ind AS - Proforma Financial Statements		**(3,396.84)**

Reconciliation From Ind AS to Restated Total comprehensive income

Particulars	**For the year ended March 31, 2015 (Proforma)**
Total comprehensive income as per Ind AS (Refer above)	(3,396.84)
SEBI Restatement adjustments	1.92
Total Comprehensive Income as per Restated Financial Statements (Refer Annexure II)	(3,394.92)

Notes to Proforma Adjustments:

Note 1: Investment property

Under the previous GAAP, investment properties were presented as part of Property, plant and equipment. Under Ind AS, investment properties are required to be separately presented on the face of the balance sheet. There is no impact on the total equity or profit as a result of this adjustment.

Note 2: Security deposits

Certain interest-free security deposits have been discounted using market rates of interest as required under Ind AS and recorded at amortized cost.

Note 3: Fair Valuation of Investment

Under previous GAAP, current investments are shown at cost or Net Realizable Value, whichever is lower. Under Ind AS, current investments are shown at fair value as at the balance-sheet date. Accordingly, the total equity as at March 31, 2015 increased by ₹ 4.59 million (₹ 5.55 million as at April 1, 2014) and profit and other comprehensive income for the year ended March 31, 2015 decreased by ₹0.97 million.

Note 4: Financial liability

As per Ind AS 109, an entity shall remove a financial asset (or a part of a financial asset) from its balance sheet when, and only when, it has transferred all risk and rewards of ownership of financial asset. As per Ind AS 101, derecognition requirements in Ind AS 109 should apply prospectively to the transactions occurring on or after the date of transition. Accordingly, Management has recognized trade receivable relating to bill discounting arrangement with customer and recognized corresponding financial liability as on March 31, 2016 ₹ 699.84 Million. This has also resulted in change in cash flows from operating activities and financing activities.

Note 5: Foreign currency translation reserve

Ind AS 101 permits cumulative translation gains and losses to be reset to zero at the transition date, accordingly balance appearing in the foreign currency translation reserve of ₹ 42.86 Million as at April 01, 2014 has been transferred to retained earnings. There is no impact on equity as a result of this adjustment.

Note 6: Forward Contracts not designated as hedging instruments

Under Indian GAAP, the forward exchange contracts were accounted based on Accounting Standard 11 "The effects of changes in foreign exchange rates". Under Ind-AS, fair value of forward foreign exchange contracts has been recognised and the corresponding adjustments have been made in the Statement of Profit and Loss. Due to this adjustment Profit for the year ended March 31, 2015 and equity as at March 31, 2015 has increased by ₹ 7.13 Million.

Note 7: Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised over the period of the borrowings using straight line basis. Under Ind AS, transaction costs are included in the initially recognised amount of financial liability and charged to profit or loss using effective interest rate. Accordingly there is increased in equity by ₹ 3.48 million as at March 31, 2015 and as at April 01, 2014.

Note 8: Capital subsidy

Under the previous GAAP, capital subsidies received from government were treated as capital receipt and directly accounted under reserves as promotor's contribution. Under Ind AS, capital subsidy received is required to be recognised as deferred government grant and amortised over the period of useful life of the asset. Accordingly, as on March 31, 2015 equity is reduced by ₹ 119.84 Million (April 01, 2014 ₹ 159.78 Million) and income of ₹ 39.94 Million has been recognised in the profit and loss for the year ended March 31, 2015.

Note 9: Export Promotion Capital Goods ("EPCG") benefits

Ind AS 20 requires presentation of such benefits in balance sheet by setting up the grant as deferred income and adding it to the cost of Property, plant and equipments. Deferred income will be recognised as income as and when the obligation under the scheme is fulfilled. Addition to property, plant and equipments is depreciated over the useful life of the asset.

Amortisation of Deferred government grant of ₹13.35 Million is accounted in other income for the year ended March 31, 2015 . Similarly, depreciation of ₹11.82 Million for April 01, 2014 has been reduced from PPE with corresponding debit to retained earnings.

Note 10: Bank Overdraft

Under previous GAAP, bank overdrafts were considered as part of borrowings and movements in bank overdrafts were shown as part of financing activities. Under Ind AS, bank overdrafts repayable on demand and which form an integral part of the cash management process are included in cash and cash equivalents for the purpose of presentation of statement of cash flows. Consequently, cash and cash equivalents have reduced by ₹ 94.20 Million as at March 31, 2015.

Note 11: Long Term Foreign Currency Monetary Items

A first-time adopter may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP.

The Company has decided to discontinue with policy of accounting for exchange differences arising from translation of long-term foreign currency monetary items in the "Foreign Currency Monetary Item Translation Reserve." The balance as on April 01, 2014 of ₹ 42.86 Million is transferred to the retained earnings and hence there is no impact on total equity.

Note 12: Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as "other comprehensive income" includes remeasurements of defined benefit plans and effective portion of gains and losses on cash flow hedging instruments. The concept of other comprehensive income did not exist under previous GAAP.

Note 13: Deferred tax

Under previous GAAP, MAT credit entitlement under the Income tax act, 1961 was disclosed as non current asset. Under Ind AS all tax credits are required to be disclosed as a deferred tax asset. The adjustments to deferred tax asset includes the tax impact of the transition adjustments and classification of MAT Credit entitlement as deferred tax asset.

Note 14: Retained Earnings

Retained earnings as at April 01, 2014 has been adjusted consequent to the above proforma adjustments.

Note 15: Conversion of Series A CCPS:

Under Ind AS, Series A CCPS have been classified as compound financial instrument. At inception date, the value of the liability component is derived by discounting the future streams of cashflow and the equity component being assigned the residual value. Series A CCPS have been measured and accounted based on the terms of the agreement, provisions of Ind AS 109 and section 68 (2) (c) of the Companies Act, 2013.

Accordingly, the total equity as at March 31, 2015 decreased by ₹ 5,894.77 million (₹ 2,114.34 million as at April 1, 2014) and profit and other comprehensive income for the year ended March 31, 2015 decreased by ₹3,780.43 million.

Note 16: Revenue

Excise Duty:

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, Revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expense for the year ended March 31, 2015 by ₹ 1,106.95 Million.

Discount given to customer:

As per Ind AS, the amount of revenue arising on a transaction is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity. Accordingly, the Company has netted off discounts allowed to customers with revenue. The amount netted out with revenue for the year ended March 31, 2015 is ₹ 48.30 Million.

Note 17: Cost of Material Consumed

Discount received from Vendor:

Under previous GAAP, discounts received from vendors are considered in other income whereas, under Ind AS such amount of ₹ 17.66 Million and ₹ 4.82 Million as on March 31,2015 is adjusted with the cost of material consumed and Purchases of stock-in-trade respectively. There is no impact on the total equity and profit for the year ended March 31, 2015.

Note 18: Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e., actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expenses on the net defined liability are recognised in other comprehensive income. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2015 by ₹ 5.37 million with resulted increase in OCI. There is no impact on total equity.

Annexure V: Notes to Restated Standalone Financial Information

3 Property, plant and equipment

(₹ in Million)

Asset Class	Gross carrying amount				Accumulated depreciation					Net carrying amount
	Deemed cost as at April 1, 2014 (Proforma)	Additions	Deductions	As at March 31, 2015 (Proforma)	As at April 1, 2014 (Proforma)	Depreciation Charge	Adjusted in retained earning (refer note V below)	On Deduction	As at March 31, 2015 (Profroma)	As at March 31, 2015 (Proforma)
Freehold land	64.90	-		64.90	-	-	-	-	-	64.90
Leasehold land	365.60	-		365.60	-	4.70	-	-	4.70	360.90
Factory buildings	1,112.89	227.40	-	1,340.29	-	88.59	12.30	-	100.89	1,239.40
Office buildings	622.60	-		622.60	-	10.70	0.50	-	11.20	611.40
Plant and machinery	2,193.10	1,985.20	8.30	4,170.00	-	449.30	4.40	1.50	452.20	3,717.80
Factory equipments	273.60	137.20	2.10	408.70	-	69.70	6.50	0.40	75.80	332.90
Electrical installations	80.60	73.80	0.50	153.90	-	26.90	2.50	-	29.40	124.50
Computers	53.20	20.80	-	74.00	-	24.60	3.80	-	28.40	45.60
Mould and dies	131.00	79.50	0.40	210.10	-	32.90	1.10	0.10	33.90	176.20
Electrical fittings	45.60	1.00	0.10	46.50	-	9.40	0.20	0.10	9.50	37.00
Vehicles	34.00	3.50	3.70	33.80	-	13.30	-	1.40	11.90	21.90
Furniture fixtures	104.90	8.90	1.10	112.70	-	12.60	0.60	0.20	13.00	99.70
Office equipments	34.90	9.60	0.10	44.40	-	10.80	0.40	0.10	11.10	33.30
Tools and instruments	20.10	38.77	0.50	58.37	-	13.80	1.90	0.10	15.60	42.77
Total	**5,136.99**	**2,585.67**	**16.80**	**7,705.86**	**-**	**767.29**	**34.20**	**3.90**	**797.59**	**6,908.27**

Capital work-in-progress

Opening capital work-in-progress as on April 1, 2014 (Proforma)	2,093.77
Addition during the year	806.87
Capitalised during the year	(2,585.67)
Closing capital work-in -progress as on March 31, 2015 (Proforma)	**314.97**

₹ in Million

Asset Class	Gross carrying amount					Accumulated depreciation				Net carrying amount
	As at 1 April, 2015	Additions	Acquired through business combination (Refer note 38)	Disposals	As at March 31, 2016	As at 1 April, 2015	Depreciation charge	Disposals	As at March 31, 2016	As at March 31, 2016
Freehold land	64.90	3.21	-	-	68.11	-	-	-	-	68.11
Leasehold land	360.90	-	-	-	360.90	-	4.71	-	4.71	356.19
Factory buildings	1,239.40	14.31	-	-	1,253.71	-	71.52	-	71.52	1,182.19
Office buildings	611.40	12.70	-	-	624.10	-	10.76	-	10.76	613.34
Plant and machinery	3,717.80	833.75	3.00	59.44	4,495.11	-	482.05	15.93	466.12	4,028.99
Factory equipments	332.90	58.13	7.10	4.75	393.38	-	60.46	0.43	60.03	333.35
Electrical installations	124.50	22.90	0.59	-	147.99	-	27.29	-	27.29	120.70
Computers	45.60	9.81	0.81	-	56.22	-	20.13	-	20.13	36.09
Mould and dies	176.20	73.14	-	-	249.34	-	45.21	-	45.21	204.13
Electrical fittings	37.00	1.64	-	-	38.64	-	6.31	-	6.31	32.33
Vehicles	21.90	2.53	0.30	4.64	20.09	-	10.63	2.35	8.28	11.81
Furniture fixtures	99.70	6.88	0.41	0.12	106.87	-	12.86	0.01	12.85	94.02
Office equipments	33.30	5.12	0.11	0.01	38.52	-	10.80	0.01	10.79	27.73
Tools and instruments	42.77	35.22	0.02	0.02	77.99	-	18.29	0.01	18.28	59.71
Total	6,908.27	1,079.34	12.34	68.98	7,930.97	-	781.02	18.74	762.28	7,168.69

Capital work-in-progress

Opening capital work-in-progress as at March 31, 2015 (Proforma)	314.97
Addition during the year	1,208.39
Capitalised during the year	(1,079.34)
Closing capital work-in -progress as at March 31, 2016	**444.02**

3 Property, plant and equipment

₹ in Million

Asset Class	Gross carrying amount				Accumulated depreciation				Net carrying amount
	As at April 1, 2016	Additions	Disposals	As at March 31, 2017	As at April 1, 2016	Depreciation charge	Disposals	As at March 31, 2017	As at March 31, 2017
Freehold land	68.11	-	-	68.11	-	-	-	-	68.11
Leasehold land	360.90	-	-	360.90	4.71	4.67	-	9.38	351.52
Factory buildings	1,253.71	89.34	-	1,343.05	71.52	72.93	-	144.45	1,198.60
Office buildings	624.10	90.22	-	714.32	10.76	11.99	-	22.75	691.57
Plant and machinery	4,495.11	950.56	11.82	5,433.85	466.12	613.84	3.96	1,076.00	4,357.85
Factory equipments	393.38	84.88	3.51	474.75	60.03	66.97	1.24	125.76	348.99
Electrical installations	147.99	47.26	0.29	194.96	27.29	30.65	0.29	57.65	137.31
Computers	56.22	19.74	0.04	75.92	20.13	19.30	0.04	39.39	36.53
Mould and dies	249.34	61.60	31.25	279.69	45.21	46.36	1.95	89.62	190.07
Electrical fittings	38.64	2.13	-	40.77	6.31	5.35	-	11.66	29.11
Vehicles	20.09	1.89	5.93	16.05	8.28	5.68	3.35	10.61	5.44
Furniture fixtures	106.87	8.25	0.01	115.11	12.85	13.25	-	26.10	89.01
Office equipments	38.52	13.53	0.02	52.03	10.79	10.85	0.02	21.62	30.41
Tools and instruments	77.99	28.53	0.27	106.25	18.28	27.01	0.19	45.10	61.15
Total	7,930.97	1,397.93	53.14	9,275.76	762.28	928.85	11.04	1,680.09	7,595.67

Capital work-in-progress	
Opening capital work-in-progress as on April 1, 2016	444.02
Addition during the year	1,207.04
Capitalised during the year	(1,397.93)
Closing capital work-in -progress as on March 31, 2017	**253.13**

(₹ in Million)

Asset Class	Gross carrying amount				Accumulated depreciation				Net carrying amount
	As at April 1, 2017	Additions	Disposals	As at December 31, 2017	As at April 1, 2017	Depreciation charge	Disposals	As at December 31, 2017	As at December 31, 2017
Freehold land	68.11	-	-	68.11	-	-	-	-	68.11
Leasehold land	360.90	28.27	-	389.17	9.38	3.45	-	12.83	376.34
Factory buildings	1,343.05	14.96	-	1,358.01	144.45	49.51	-	193.96	1,164.05
Office buildings	714.32	167.92	88.21	794.03	22.75	9.46	5.52	26.69	767.34
Plant and machinery	5,433.85	373.68	6.88	5,800.65	1,076.00	490.30	1.53	1,564.77	4,235.88
Factory equipments	474.75	36.22	6.02	504.95	125.76	52.00	1.80	175.96	328.99
Electrical installations	194.96	2.56	-	197.52	57.65	18.37	-	76.02	121.50
Computers	75.92	5.56	0.04	81.44	39.39	13.20	0.04	52.55	28.89
Mould and dies	279.69	60.65	6.13	334.21	89.62	43.12	-	132.74	201.47
Electrical fittings	40.77	0.07	-	40.84	11.66	4.34	-	16.00	24.84
Vehicles	16.05	28.78	2.78	42.05	10.61	4.38	2.64	12.35	29.70
Furniture fixtures	115.11	1.63	-	116.74	26.10	10.15	-	36.25	80.49
Office equipments	52.03	3.10	0.04	55.09	21.62	9.14	0.01	30.75	24.34
Tools and instruments	106.25	14.57	0.55	120.27	45.10	23.93	-	69.03	51.24
Total	9,275.76	737.97	110.65	9,903.08	1,680.09	731.35	11.54	2,399.90	7,503.18

Capital work-in-progress	
Opening capital work-in-progress as on April 1, 2017	253.13
Addition during the period	768.21
Capitalised during the period	(737.97)
Closing capital work-in -progress as on December 31, 2017	**283.37**

3 Property, plant and equipment

Notes:

(i) Leased assets

Leasehold land under finance lease **(₹ in Million)**

	December 31, 2017	March 31, 2017	March 31, 2016	March 31, 2015 (Proforma)
Leasehold land				
Cost	389.17	365.60	365.60	365.60
Accumulated depreciation	12.83	9.38	4.71	4.70
Net Carrying amount	376.34	356.22	360.89	360.90

(ii) Property, plant and equipment pledged as security
Refer to note 43 for information on property, plant and equipment pledged as security by the company

(iii) Contractual obligations
Refer to note 40 (a) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iv) Office Buildings include premises on ownership basis in a Co-Operative Society ₹ 6.3 Million, including cost of shares therein ₹125/-.

(v) During the year ended March 31, 2015, pursuant to the provisions of the Companies Act, 2013 and requirements of notification G.S.R. 627 (E) dated August 29, 2014, the Company has reviewed and reassessed the estimated useful lives and residual value of its Property Plant & Equipment and adopted useful lives of the assets as per Schedule II to the Companies Act, 2013, except for certain items of Property Plant & Equipment, based on a technical evaluation. Accordingly, the unamortized carrying amount is being depreciated over the revised remaining useful lives. Consequently, the depreciation charge for the year ended March 31, 2015 is lower by ₹63 million. Depreciation of ₹22.40 million (net of deferred tax of ₹11.80 million) has been debited to the retained earnings, in accordance with the transitional provisions of Schedule II of the Companies Act, 2013.

4 Investment Properties

(₹ in Million)

Asset Class	Gross carrying amount			Accumulated depreciation			Net carrying amount
	Deemed cost as at April 1, 2014 (Proforma)	Additions	As at March 31, 2015 (Proforma)	As at April 1, 2014 (Proforma)	Depreciation charge	As at March 31, 2015 (Profroma)	As at March 31, 2015 (Proforma)
Leasehold land	33.70	-	33.70	-	0.40	0.40	33.30
Factory buildings	296.61	-	296.61	-	10.91	10.91	285.70
Total	330.31	-	330.31	-	11.31	11.31	319.00

(₹ in Million)

Asset Class	Gross carrying amount			Accumulated depreciation			Net carrying amount
	Deemed Cost As at 1 April, 2015	Additions	As at March 31, 2016	As at 1 April, 2015	Depreciation charge	As at March 31, 2016	As at March 31, 2016
Leasehold land	33.30	-	33.30	-	0.40	0.40	32.90
Factory buildings	285.70	-	285.70	-	10.91	10.91	274.79
Total	**319.00**	**-**	**319.00**	**-**	**11.31**	**11.31**	**307.69**

(₹ in Million)

Asset class	Gross carrying amount			Accumulated depreciation			Net carrying amount
	As at April 1, 2016	Additions	As at March 31, 2017	As at April 1, 2016	Depreciation charge	As at March 31, 2017	As at March 31, 2017
Leasehold land	33.30	-	33.30	0.40	0.40	0.80	32.50
Factory buildings	285.70	-	285.70	10.91	10.91	21.82	263.88
Total	**319.00**	**-**	**319.00**	**11.31**	**11.31**	**22.62**	**296.38**

(₹ in Million)

Asset class	Gross carrying amount			Accumulated depreciation			Net carrying amount
	As at April 1, 2017	Additions	As at December 31, 2017	As at April 1, 2017	Depreciation charge	As at December 31, 2017	As at December 31, 2017
Leasehold land	33.30	-	33.30	0.80	0.30	1.10	32.20
Factory buildings	285.70	-	285.70	21.82	8.22	30.04	255.66
Total	**319.00**	**-**	**319.00**	**22.62**	**8.52**	**31.14**	**287.86**

(i) Amount recognised in Statement of Profit or Loss for investment properties (₹ in Million)

	For the period ended December 31, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015
Rental income	35.04	44.78	41.39	45.77
Profit from investment properties before depreciation	35.04	44.78	41.39	45.77
Depreciation	8.52	11.31	11.31	11.31
Profit from investment properties	26.52	33.47	30.08	34.46

(ii) Leasing arrangements

Certain investment properties are leased to tenants under long-term cancellable operating leases with rentals payable monthly. There is escalation of 10% in lease rentals during the lease terms.

(iii) Fair value

Fair value of the investment property is ₹ 364.79 million, ₹ 363.12 million and ₹ 362.02 million as at March 31, 2017, March 31, 2016 and March 31, 2015 respectively. There is no significant change in the fair value of investment property after March 31, 2017.

Estimation of fair value

The company obtains valuations for its investment properties internally. The best evidence of fair value is current prices in an active market for similar properties.

5 **Intangible assets**

(₹ in Million)

Asset class	Gross carrying amount			Accumulated Amortisation			Net carrying amount
	Deemed cost as at April 1, 2014 (Proforma)	Additions	As at March 31, 2015 (Proforma)	As at April 1, 2014 (Proforma)	Depreciation charge	As at March 31, 2015 (Profroma)	As at March 31, 2015 (Proforma)
Software	40.12	22.00	62.12	-	24.15	24.15	37.97
Total	40.12	22.00	62.12	-	24.15	24.15	37.97

Intangible assets under development	
Opening balance as on April 1, 2014 (Proforma)	**6.70**
Addition during the year	21.00
Capitalised during the year	(22.00)
Closing balance as on March 31, 2015 (Proforma)	**5.70**

(₹ in Million)

Asset class	Gross carrying amount			Accumulated Amortisation			Net carrying amount
	Deemed Cost As at 1 April, 2015	Additions	As at March 31, 2016	As at 1 April, 2015	Depreciation charge	As at March 31, 2016	As at March 31, 2016
Software	37.97	21.39	59.36	-	26.64	26.64	32.72
Technical Knowhow	-	8.94	8.94	-	0.37	0.37	8.57
Total	37.97	30.33	68.30	-	27.01	27.01	41.29

Intangible assets under development	
Opening balance as on April 1, 2015	5.70
Addition during the year	30.95
Capitalised during the year	(30.33)
Closing balance as on March 31, 2016	**6.32**

(₹ in Million)

Asset class	Gross carrying amount			Accumulated Amortisation			Net carrying amount
	As at April 1, 2016	Additions	As at March 31, 2017	As at April 1, 2016	Depreciation charge	As at March 31, 2017	As at March 31, 2017
Software	59.36	28.21	87.57	26.64	21.17	47.81	39.76
Technical Knowhow	8.94	-	8.94	0.37	1.49	1.86	7.08
Total	68.30	28.21	96.51	27.01	22.66	49.67	46.84

Intangible assets under development	
Opening balance as on April 1, 2016	6.32
Addition during the year	22.10
Capitalised during the year	(28.21)
Closing balance as on March 31, 2017	**0.21**

(₹ in Million)

Asset class	Gross carrying amount			Accumulated Amortisation			Net carrying amount
	As at April 1, 2017	Additions	As at December 31, 2017	As at April 1, 2017	Depreciation charge	As at December 31, 2017	As at December 31, 2017
Software	87.57	22.38	109.95	47.81	18.43	66.24	43.71
Technical Knowhow	8.94	19.12	28.06	1.86	1.94	3.80	24.26
Total	96.51	41.50	138.01	49.67	20.37	70.04	67.97

Intangible assets under development	
Opening balance as April 1, 2017	0.21
Addition during the period	65.65
Capitalised during the period	(41.50)
Closing balance as on December 31, 2017	**24.36**

(₹ in Million)

		As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
6	**Non current - Other financial assets**				
	Other assets	0.26	**0.41**	**0.11**	0.11
	Total non current other financial assets	**0.26**	**0.41**	**0.11**	**0.11**
7	**Income tax assets (net)**	**11.43**	**23.78**	**40.74**	**70.26**
8	**Other non current assets**				
	Capital advances	71.54	50.56	205.67	92.51
	Provision for capital advances	(4.67)	(4.69)	(4.87)	(3.50)
	Net capital advances	**66.87**	**45.87**	**200.80**	89.01
	Amount paid under protest	1.75	1.16	0.78	1.28
	Vat recoverable	4.57	4.73	3.41	0.54
	Government grant receivable	131.73	36.12	36.12	33.51
	Total Other non current assets	**204.92**	**87.88**	**241.11**	**124.34**
9	**Inventories**				
	Raw materials [Includes material in transit of ₹ 31.63 Million (March 31, 2017 ₹69.84 Million, March 31, 2016 ₹ 65.1 Million and March 31, 2015 ₹ 23.56 Million)]	590.47	472.20	458.61	442.99
	Work-in-progress	643.18	667.19	628.62	511.48
	Finished goods [Includes finished goods in transit of ₹ 273.01 Million (March 31, 2017 ₹235.84, March 31, 2016 ₹ 184.98 Million and March 31, 2015 ₹ 146.69 Million)]	273.01	252.56	206.18	171.33
	Stock in trade [Includes stock in trade in transit of ₹ Nil, (March 31, 2017 ₹ 12.87 Million, March 31, 2016 ₹ 5.87 Million and March 31, 2015 ₹ 0.65 Million)]	11.90	80.87	98.62	81.30
	Stores and spare-parts [Includes stores-spares in transit of ₹ Nil, (March 31, 2017 ₹ 0.11 Million, March 31, 2016 ₹ 2.27 Million) and March 31, 2015 ₹ 0.03 Million)]	109.53	109.43	113.40	117.25
	Loose tools [Includes Loose tools in transit of ₹ Nil (March 31, 2017 ₹ 0.06 Million, March 31, 2016 ₹ 1.03 Million and March 31, 2015 ₹ 0.21 Million)]	147.54	129.81	106.30	113.61
	Packing material [Includes Packing material in transit of ₹ Nil, (March 31, 2017 ₹ 0.06 Million March 31, 2016 ₹ 0.41 Million and March 31, 2015 ₹ 0.93 Million)]	19.42	13.88	11.50	10.57
	Renewable energy certificates	0.75	5.54	15.28	25.78
	Total	**1,795.80**	**1,731.48**	**1,638.51**	**1,474.31**
10	**(a) Cash and cash equivalents**				
	Cash on hand (refer note 31)	1.19	0.63	0.80	1.01
	Bank balances				
	In current accounts	160.07	28.60	70.16	110.43
	Deposit with maturity of less than 3 months	0.21	0.21	-	-
	Total Cash and cash equivalents	**161.47**	**29.44**	**70.96**	**111.44**
	(b) Other bank balances				
	Long term deposits with original maturity more than 3 months but less than 12 months	1.81	1.86	78.89	68.91
	Total other bank balances	**1.81**	**1.86**	**78.89**	**68.91**
	Total Cash and cash equivalents and other bank balances	**163.28**	**31.30**	**149.85**	180.35
	There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period.				
11	**Other financial assets**				
	Derivative financial assets at FVPL				
	Foreign currency options	38.78	34.50	13.36	7.13
	Foreign-exchange forward contracts	-	4.67	-	-
	Non-derivative financial assets at amortised cost				
	Long term deposits with original maturity more than 12 months but realisable within the next 12 months	-	-	1.56	7.79
	Accrued interest	0.03	0.98	1.04	1.08
	Others	-	5.60	13.70	42.81
	Total other current financial assets	**38.81**	**45.75**	**29.66**	**58.81**
12	**Other current assets**				
	Advance to suppliers	42.56	64.70	68.95	44.87
	Prepaid expenses	39.59	39.26	26.65	26.18
	Balance with government authorities	0.20	157.94	192.69	199.48
	Government grant receivable	107.19	-	-	62.91
	Others	48.70	13.77	16.70	20.63
	Total other current assets	**238.24**	**275.67**	**304.99**	**354.07**

13 Equity and Preference share capital

Movement in Authorised Capital

	Number of Shares	
	Equity share Capital	**Preference share Capital**
Opening Balance as on April 1, 2014 (Proforma)	11,000,000	31,000,000
Closing Balance as on March 31,2015 (Profroma)	11,000,000	31,000,000
Add:- On account of Merger (refer note 38)	3,000,000	-
Balance as on March 31, 2016	14,000,000	31,000,000
Add:- Increase in authorised share capital during the year	2,500,000	2,500,000
Balance as on March 31, 2017	16,500,000	33,500,000
Add:- Increase in authorised share capital during the year	-	-
Balance as on December 31, 2017	16,500,000	33,500,000

	Number of Shares				(₹ in Million)			
	As at December 31, 2017	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015 (Proforma)**	**As at December 31, 2017**	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015 (Proforma)**
Authorized:								
Equity shares of ₹10 each	**16,500,000**	16,500,000	14,000,000	11,000,000	165.00	165.00	140.00	110.00
Preference shares of ₹10 each	**33,500,000**	33,500,000	31,000,000	31,000,000	335.00	335.00	310.00	310.00
					500.00	500.00	450.00	420.00
Issued, subscribed and paid-up:								
Equity shares of ₹ 10 each fully paid up	**12,312,776**	12,312,766	10,465,851	10,465,851	123.13	123.13	104.66	104.66
0.001% Series "A" compulsorily convertible preference shares ("Series A CCPS") of ₹10 each fully paid up (refer note (c) below)		-	16,623,365	-	-	-	166.23	-
0.0001% Series "B" compulsorily convertible preference shares ("Series B CCPS") of ₹10 each fully paid up	-	852,359	-	-	-	8.52	-	-
0.0001% Series "C" compulsorily convertible preference shares ("Series C CCPS") of ₹10 each fully paid up	**1,168,377**	1,168,377	-	-	11.68	11.68	-	-
					134.81	143.33	270.89	104.66

(a) Movement in share capital

	Nos	(₹ in Million)	Nos	(₹ in Million)	Nos	(₹ in Million)	Nos	(₹ in Million)
	As at December 31, 2017	**As at December 31, 2017**	**As at March 31, 2017**	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2016**	**As at March 31, 2015 (Proforma)**	**As at March 31, 2015 (Proforma)**
Equity shares								
Outstanding at the beginning of the period/ year	12,312,766	123.13	10,465,851	104.66	10,465,851	104.66	10,465,851	104.66
0.001% series A CCPS converted into equity shares	-	-	1,846,915	18.47	-	-	-	-
0.001% series B CCPS 852,359 shares converted into equity	852,359	8.52	-	-	-	-	-	-
Capital reduction (refer note 13(f))	(852,349)	(8.52)	-	-	-	-	-	-
Outstanding at the end of the period/ year	12,312,776	123.13	12,312,766	123.13	10,465,851	104.66	10,465,851	104.66
Preference shares								
Outstanding at the beginning of the year period/ year	2,020,736	20.20	16,623,365	166.23	-	-	-	-
Add/(Less):- 0.001% Series A CCPS issued/(converted)into equity shares during the period/ year (refer note c below)	-	-	(16,623,365)	(166.23)	16,623,365	166.23	-	-
Add:- 0.0001% Series B CCPS issued during the period/ year	-	-	852,359	8.52	-	-	-	-
Add:- 0.0001% Series C CCPS issued during the period/ year	-	-	1,168,377	11.68	-	-	-	-
Less:- 0.001% series B CCPS 852,359 shares converted into equity shares	(852,349)	(8.52)	-	-	-	-	-	-
Outstanding at the end of the period/ year	1,168,387	11.68	2,020,736	20.20	16,623,365	166.23	-	-

(b) Rights, Preferences and Restrictions attached to Equity Shares

Equity shares: The Company has equity shares having a par value of ₹10/- per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

Pursuant to the agreements, the Company had issued and allotted 2 equity shares having face value of ₹ 10 each at a premium of ₹ 990 per equity share to Omega TC Holdings Pte. Ltd. and TATA Capital Financial Services Limited (collectively referred to as "PE Investors").

(c) Conversion of Series A CCPS:

During the year 2013-14, pursuant to the agreement with the Private Equity Investors the Company had issued and allotted 29,999,980 number of 0.001% Series A CCPS having face value of ₹ 10 each at a premium of ₹ 90 per share. The said Series A CCPS are cumulative, mandatorily and fully convertible preference share.

Prior to conversion of Series A CCPS:

(i) The said PE Investors are entitled to vote at each meeting of the holders of equity shares of the Company to the extent of 9% of the Equity Share Capital on a fully diluted basis. The remaining 91% voting rights are with other equity shareholders of the Company in proportion to the number of shares held by them.

(ii) The holder of each Series A CCPS are entitled to preferential dividend at the rate of 0.001% per year. The amount of dividend accrued on each Series A CCPS during a financial year is required to be distributed by the Company to the Investors by way of preferential dividend on April 1st of the subsequent financial year.

(iii) Under Ind AS, Series A CCPS have been classified as compound financial instrument. At inception, the liability and equity component have been separately accounted for under borrowing and equity (other reserves). As at March 31, 2015 and March 31, 2016, Series A CCPS have been measured and accounted based on the terms of the agreement, provisions of IND AS 109 and section 68 (2) (c) of the Companies Act, 2013.Subsequently Series A CCPS were converted into 1,846,915 equity shares of ₹10/- each ranking pari passu with the existing equity shares of the Company as per the Amendment And Supplemental Agreement dated March 9, 2017 to original Share Subscription Agreement dated January 24, 2014 entered into between the Company, Promoters and PE investors and have been accounted for accordingly. Refer note 2C and 2D for the impact on first time adoption of Ind AS on the financial statements and Proforma financial statements.

(d) Bonus issue of Series B CCPS

During the year ended March 31, 2017, the Company issued and allotted 852,359 Series B CCPS of ₹10/- each fully paid as bonus to eligible equity shareholders of the Company in the ratio of 61 fully paid Series B CCPS for every 688 equity shares of the Company held by them. The Series B CCPS are non-cumulative, non-participating preference shares, mandatorily and fully convertible into equity shares on occurrence of the trigger event. The holder of each Series B CCPS were entitled to preferential dividend at the rate of 0.0001% per year on the face value. The Series B CCPS did not have any entitlement to participate in any dividend distribution to the holders of Equity Shares. Under Ind AS, Series B CCPS were been classified as an equity instrument based on the terms of the agreement and trigger event, which is earlier of :

(i) the date on which the Equity Shares of the Company held by Varroc Polymers Private Limited (VPPL) stand extinguished pursuant to the Capital Reduction Scheme becoming effective after being duly approved by the National Company Law Tribunal; or (ii) the date that the Company files a red herring prospectus with the SEBI for undertaking an IPO.

During the period ended December 31, 2017, the series B CCPS were been converted into equity shares pursuant to the approval of the Capital reduction scheme of VPPL by the NCLT (refer note f below). These shares were issued and allotted through a special resolution passed in the Board Meeting held on January 16, 2018.

(e) Bonus issue of series C CCPS

During the year ended March 31, 2017, the Company issued and allotted 1,168,377 Series C CCPS of ₹10/- each fully paid as bonus to eligible equity shareholders of the Company in the ratio of 57 fully paid up Series C CCPS for every 469 equity shares of the Company held by them. The Series C CCPS are non-cumulative, participating preference shares, mandatorily and fully convertible into equity shares on occurrence of the trigger event. The holder of each Series C CCPS are entitled to preferential dividend at the rate of 0.0001% per year on the face value. The Series C CCPS are entitled to participate, on a pari passu basis with Equity Shares, in any dividend distribution to the holders of Equity Shares on an 'as if converted' basis. For the purpose of dividend distribution, the Series C CCPS prior to their conversion shall constitute 1.3% of the Equity Share Capital on a fully diluted basis. Under Ind AS, Series B CCPS have been classified as an equity instrument based on the terms of the agreement and trigger event, which is earlier of: (i) the date on which the Company files a red herring prospectus with the SEBI for undertaking an IPO or (ii) IPO Veto Date; (iii) the Conversion Deadline, as defined in the terms of agreement.

(f) Capital reduction

The Company pursuant to the provisions of Section 66 of the Companies Act, 2013 and the rules made thereunder had filed a petition for reduction of 852,349 equity shares of ₹ 10 each held by wholly owned subsidiary Varroc Polymers Private Limited (VPPL) without any consideration. This scheme was approved by the National Company Law Tribunal (NCLT) and was filed with the Registrar of Companies (ROC) on December 18, 2017. The ROC registered the order on January 15, 2018 and the Company took on record this transaction at the Board Meeting on January 16, 2018. Pursuant to this transaction, share capital of ₹ 8.52 million has been transferred to Capital Reserve as at December 31, 2017.

(g) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of the Shareholder	As at December 31, 2017		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015 (Proforma)	
	Numbers of shares	% of shareholding	Numbers of shares	% of shareholding	Numbers of shares	% of shareholding	Numbers of shares	% of shareholding
Equity Shares								
Mr. Tarang Jain	**5,079,859**	41.26%	3,529,025	28.66%	5,970,500	57.05%	5,970,500	57.05%
Tarang Jain Holding Trust	**3,385,000**	27.49%	3,385,000	27.49%	-		-	-
Omega TC Holdings Pte. Ltd.	**1,691,713**	13.74%	1,691,713	13.74%	-	-	-	-
Naresh Chandra Holdings Trust	**1,000,000**	8.12%	1,000,000	8.12%	-	-	-	-
Suman Jain Holdings Trust	**1,000,000**	8.12%	1,000,000	8.12%	-	-	-	-
M/s Varroc Polymers Private Limited (Refer note 38)	-	-	852,349	6.92%	852,349	8.14%	852,349	8.14%
Mrs. Suman Jain	-	-	-	-	1,207,000	11.53%	1,207,000	11.53%
Mr. Naresh Chandra	-	-	-	-	1,171,600	11.19%	1,171,600	11.19%
Mr. Tarang Jain and Rochna Jain	-	-	-	-	814,900	7.79%	814,900	7.79%
Preference Shares								
Omega TC Holdings Pte. Ltd.	-	-	-	-	27,478,973	91.60%	27,478,973	91.60%
Tata Capital Financial Services Limited	-	-	-	-	2,521,007	8.40%	2,521,007	8.40%
Mr. Tarang Jain	1,168,377	100.00%	1,453,523	71.93%	-	-		-
Mr. Naresh Chandra	-	-	324,504	16.06%	-	-		-
Mrs. Suman Jain	-	-	242,709	12.01%	-	-		-

(h) Aggregate number of bonus shares issued during the five years immediately preceding December 31, 2017 — **No of Shares** 2,020,736

0.0001% Series B CCPS and Series C CCPS allotted as fully paid up bonus shares by capitalisation of profits from securities premium during the year ended March 31, 2017. (Number of Shares issued 2,020,736)

Other than above, the Company during the preceding 5 years:

i. Has not allotted shares pursuant to contracts without payment received in cash.
ii. Has not issued shares by way of bonus shares except as above.
iii. Has not bought back any shares.

(i) Varroc Polymers Private Limited, a wholly owned subsidiary of the Company, holds Nil (March 31, 2017: 852,349; March 31, 2016: 852,349 and March 31, 2015: 852,349) shares of the company.

(₹ in Million)

	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
14 Reserves and surplus				
Retained earnings	1,705.35	1,182.23	1,011.78	(451.01)
General reserve	1,474.38	1,474.38	1,474.38	1,443.57
Capital reserve	8.52	-	-	-
Debenture redemption reserve	200.00	200.00	-	-
Securities premium reserve	6,481.43	6,481.43	3,366.25	965.65
	9,869.68	**9,338.04**	**5,852.41**	**1,958.21**
Retained earnings				
Balance at the beginning of the period/ year	1,182.23	1,011.78	(451.01)	2,999.09
Add:- On account of Merger (refer note 38)		-	73.97	-
Add:- Profit for the period/year	524.32	423.35	1,426.84	(3,389.55)
Add:- items of other comprehensive income recognised directly in retained earning				
Remeasurement of post-employment benefit obligation (Net of tax)	(1.20)	(8.04)	2.23	(5.37)
Less:- Interim dividend of ₹ Nil (March 31, 2017 ₹ 3.50 per equity share; March 31, 2016 ₹ 3.5 per equity share; March 31, 2015(Proforma) of ₹ 2.85 per equity share][(including dividend distribution tax of ₹Nil (March 31, 2017 ₹ 4.61 Million; March 31, 2016 ₹Nil; March 31, 2015 Nil)]	-	(44.86)	(40.25)	(32.78)
Less: Transitional effect as per the provision of Schedule II of the Companies Act, 2013 (Net of deferred tax of ₹11.74 Million)	-	-	-	(22.40)
Less:- Dividend on Series A CCPS	-	-	-	-
Less:- Transfer to debenture redemption reserve (25% of face value)	-	200.00	-	-
Balance at the end of the period/ year	**1,705.35**	**1,182.23**	**1,011.78**	**(451.01)**
General reserve				
Balance at the beginning of the period/ year	1,474.38	1,474.38	1,443.57	1,443.57
Add:-On account of Merger (refer note 38)	-	-	30.81	-
Balance at the end of the period/ year	**1,474.38**	**1,474.38**	**1,474.38**	**1,443.57**
Capital reserve				
Balance at the beginning of the period/ year	-			
Add:-On account of Capital reduction (refer note 13(f))	8.52			
Balance at the end of the period/ year	**8.52**	**-**	**-**	**-**
Debenture redemption reserve				
Balance at the beginning of the period/ year	200.00	-	-	-
Add:-Transfer from retained earnings	-	200.00	-	-
Balance at the end of the period/ year	**200.00**	**200.00**	**-**	**-**
Securities premium reserve				
Balance at the beginning of the period/ year	6,481.43	3,366.25	965.65	965.65
Add:- Conversion of 0.001% Series A CCPS into equity shares (Refer Note 13)	-	3,135.43	-	-
Add:- Conversion of 0.001% Series A CCPS	-	-	2,400.60	-
Less:- Issue of 0.0001% Series B CCPS and Series C CCPS (Refer Note 13)	-	(20.25)	-	-
Balance at the end of the period/ year	**6,481.43**	**6,481.43**	**3,366.25**	**965.65**
Total Reserves and surplus	**9,869.68**	**9,338.04**	**5,852.41**	**1,958.21**

(₹ in Million)

		As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
15	**Other reserves**				
	Cash flow hedge				
	Balance at the beginning of the period/ year	(8.95)	(9.28)	-	-
	Loss on changes in fair value of hedging instruments	(4.81)	(21.84)	(38.77)	-
	Income tax relating to gains/loss reclassified to profit and loss	1.66	7.56	13.42	-
	Reclassification to Statement of Profit and Loss	7.91	14.61	16.07	-
	Balance at the end of the period/ year	**(4.19)**	**(8.95)**	**(9.28)**	**-**
	Equity component of CCPS (Refer Note 13)				
	Balance at the beginning of the period/ year	-	885.66	885.66	885.66
	Recognised during the period/year	-	-	-	-
	Transfer during the period/year	-	885.66	-	-
	Balance at the end of the period/ year	**-**	**-**	**885.66**	**885.66**
	Total other reserve	**(4.19)**	**(8.95)**	**876.38**	**885.66**

Nature and purpose of other reserves

General reserve

General reserve are the retained earning of the company which are kept aside out of company's profit to meet future (known or unknown) obligation.

Debenture redemption reserve

The company is required to create a debenture redemption reserve out of the profits which is available for payment of dividend for the purpose of redemption of debentures.

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013.

Cash flow hedging reserve

The company uses hedging instruments as part of its management of foreign currency risk associated with its highly probable forecast with variable interest rate borrowings as described in note 35 for hedging foreign currency risk, the Company uses principal swaps, which is designated as cash flow hedges.

For hedging interest rate risk, the company uses interest rate swaps which is also designated as cash flow hedges. To the extent these hedges are effective; the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve.

(₹ in Million)

		As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
16	**Non current - Provisions**				
	Compensated absences	37.32	33.09	31.91	27.93
	Provision for coupon scheme	28.87	21.61	16.61	10.90
	Total non current provisions	**66.19**	**54.70**	**48.52**	**38.83**

		As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
17	**Deferred tax liabilities (net)**				
	The balance comprises temporary differences attributable to :				
	Deferred tax liabilities				
	Depreciation and amortization	549.04	569.66	523.33	459.50
	Others	2.27	8.56	0.60	3.01
		551.31	**578.22**	**523.93**	**462.51**
	Deferred tax assets				
	Expenses allowable on payment	30.03	53.88	59.34	33.09
	Provision for doubtful debts and advances	31.08	29.27	31.52	28.26
	Unabsorbed tax depreciation and losses	27.19	102.50	105.14	102.24
	MAT Credit Entitlement	364.18	387.69	280.17	228.49
	Others	19.89	-	-	-
		472.37	**573.34**	**476.17**	**392.08**
	Total	**78.94**	**4.88**	**47.76**	**70.43**
	Movement in deferred tax assets/ (liabilities)				
	Opening deferred tax (assets) / liabilities	4.88	47.76	70.43	97.32
	Charged to profit or loss				
	Expenses allowable on payment	26.15	17.28	(14.00)	(8.50)
	Provision for doubtful receivable, doubtful advances	(1.81)	2.25	(3.20)	(5.23)
	Tax Losses	75.31	2.63	(2.90)	(93.73)
	Depreciation and amortization	(20.62)	46.36	63.80	177.64
	Others	(26.18)	8.11	0.96	12.33
		52.85	**76.63**	**44.66**	**82.51**
	Charged to other comprehensive income				
	Cash flow hedge reserve	(1.66)	(7.74)	(16.81)	-
	Remeasurement of defined benefit obligation	(0.64)	(4.25)	1.18	(2.84)
		(2.30)	**(11.99)**	**(15.63)**	**(2.84)**
	Charged to Equity				
	Transitional effects of as per provisions of Schedule II of the Companies Act, 2013	-	-	-	**(11.74)**
	Increase of MAT credit	23.51	(107.52)	(51.70)	(94.82)
	Closing deferred tax liability after set off	**78.94**	**4.88**	**47.76**	**70.43**

Note: Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation laws.

		As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
18	**Trade payables**				
	Total outstanding dues of micro enterprises and small enterprises (refer note 32)	7.06	13.59	16.20	-
	Total outstanding dues other than micro enterprises and small enterprises				
	Trade payables to Related Parties (refer note 39)	61.86	60.02	89.95	133.80
	Others	2,727.72	2,146.03	1,949.49	1,680.54
		2,789.58	2,206.05	2,039.44	1,814.34
	Total trade payables	**2,796.64**	**2,219.64**	**2,055.64**	**1,814.34**

		As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
19	**Current - Other financial liabilities**				
	Current maturities of non-current borrowings (refer Annexure VII and Annexure VIII)	817.38	566.70	1,180.36	1,000.62
	Interest				
	accrued but not due on borrowings	83.41	32.33	37.36	35.58
	accrued and due on borrowings	-	-	-	0.07
	Capital creditors	204.45	133.76	197.02	121.58
	Customer security deposits	35.37	29.51	23.09	17.20
	Employee benefits payable	91.81	71.02	59.62	46.01
	Derivative liabilities pending settlement	65.42	60.61	38.91	23.60
	Total other financial liabilities	**1,297.84**	**893.93**	**1,536.36**	**1,244.66**

(₹ in Million)

	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
20 Current - Provisions				
Provision for Employee benefits				
Gratuity (refer note 33)	25.19	14.98	8.20	27.46
Compensated absences	5.10	4.48	4.20	4.40
Others				
Provision for guarantees for loan taken by subsidiary	142.88	129.30	140.39	126.20
Provision for warranties*	19.63	16.91	14.57	14.29
Provision for coupon scheme #	19.25	14.40	11.07	7.29
Total current provision	**212.05**	**180.07**	**178.43**	**179.64**

Provision for coupon scheme	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
Balance as at the beginning of the period/ year	36.01	27.68	18.19	11.75
Additions	14.11	12.38	13.40	10.95
Utilization/Reversed during the period/ year	(2.00)	(4.05)	(3.91)	(4.51)
Balance as at the end of the period/ year	**48.12**	**36.01**	**27.68**	**18.19**
Current Portion	19.25	14.40	11.07	7.29
Non Current Portion	28.87	21.61	16.61	10.90
Total	**48.12**	**36.01**	**27.68**	**18.19**

Provision for guarantees for loan taken by subsidiary	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
Balance as at the beginning of the period/ year	129.30	140.39	126.20	161.31
Additions	13.58	-	14.19	-
Utilization/Reversed during the period/ year	-	(11.09)	-	(35.11)
Balance as at the end of the period/ year	**142.88**	**129.30**	**140.39**	**126.20**
Current Portion	142.88	129.30	140.39	126.20
Non Current Portion	-	-	-	-
Total	**142.88**	**129.30**	**140.39**	**126.20**

Provision for warranties	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
Balance as at the beginning of the period/ year	16.91	14.57	14.29	14.27
Additions	14.64	20.00	31.60	12.20
Utilization/Reversed during the period/ year	(11.92)	(17.66)	(31.32)	(12.18)
Balance as at the end of the period/ year	**19.63**	**16.91**	**14.57**	**14.29**
Current Portion	19.63	16.91	14.57	14.29
Non Current Portion	-	-	-	-
Total	**19.63**	**16.91**	**14.57**	**14.29**

Provision for coupon scheme:- Provsion is made for estimated cost of coupon redemption. These coupons are expected to be redeemed within 2-3 years. Management estimates the provision based on historical claim information and any recent trends. The impact of discounting of the provision is not material.

* Provision for warranties :- The Company provides warranties on applicable products, for their satisfactory performance during the warranty period as per the contracts with buyers. Provision for warranty claims arising out of such obligation is made based on such warranty period. The impact of discounting is not material.

	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
21 Other current liabilities				
Advance received from customer	59.13	39.89	21.03	37.66
Statutory Dues Payable	49.81	56.93	60.16	52.62
Other payables	36.38	40.55	25.61	35.00
Deferred government grant	54.04	61.11	79.02	85.61
Total Other current liabilities	**199.36**	**198.48**	**185.82**	**210.89**

(₹ in Million)

		For nine months ended December 31, 2017	For the year ended at March 31, 2017	For the year ended at March 31, 2016	For the year ended at 31, 2015 (Proforma)
22	**Revenue from operations**				
	Sale of products*				
	Finished goods	14,622.31	16,965.98	15,844.22	15,232.40
	Traded goods	493.45	807.68	746.89	436.95
	Other operating revenue				
	Wind power generation	45.55	56.85	46.39	38.89
	Solar power generation	32.86	51.24	43.69	42.51
	Job work receipts	3.43	1.80	2.66	8.08
	Scrap sales	57.75	51.31	57.95	37.61
	Management fees	55.06	88.77	75.85	70.89
	Export Incentives	49.72	38.97	23.57	22.07
	Others	22.29	57.93	47.16	1.90
	Total revenue from operations	**15,382.42**	**18,120.53**	**16,888.38**	**15,891.30**
	* Note: Revenue from Operations till March 31, 2017 includes excise duty which is discontinued w.e.f. July 1, 2017 upon implementation of Goods and Services Tax (GST) in India. In accordance with Ind AS 18, Revenue, GST is not included in Revenue from Operations. In view of the aforesaid restructuring of Indirect taxes, Revenue from Operations for the nine months ended December 31, 2017 is not comparable with that of the previous years.				
	Revenue from operations net of Excise duty	**14,896.59**	**16,760.10**	**15,589.19**	**14,784.34**
23	**Cost of materials consumed**				
	Raw material at the beginning of the period/year	472.20	458.61	442.99	351.69
	Add:- On account of merger (refer note 38)	-	-	27.93	-
	Add: Purchases	9,153.81	10,140.15	9,554.30	9,549.51
		9,626.01	**10,598.76**	**10,025.22**	**9,901.20**
	Less: Raw material at the end of the period/year	590.47	472.20	458.61	442.99
	Total cost of materials consumed	**9,035.54**	**10,126.56**	**9,566.61**	**9,458.21**
24	**Changes in Inventories of work-in-progress, stock-in-trade and finished goods**				
	Opening balance				
	Work-in-progress	667.19	628.62	511.48	411.77
	Finished goods	252.56	206.18	171.33	177.14
	Stock-in-trade	80.87	98.61	81.30	63.28
	Add:- On account of merger (refer note 38)	-	-	5.51	-
	Total opening balance	**1,000.62**	**933.41**	**769.62**	**652.19**
	Closing balance				
	Work-in-progress	643.18	667.19	628.62	511.48
	Finished goods	273.01	252.56	206.18	171.33
	Stock-in-trade	11.90	80.87	98.61	81.30
	Total closing balance	**928.09**	**1,000.62**	**933.41**	**764.11**
	Total changes in inventories of work-in-progress, stock-in-trade and finished goods	**72.53**	**(67.21)**	**(163.79)**	**(111.92)**
25	**Employee benefits expense**				
	Salaries, wages and bonus	1,111.13	1,245.44	1,086.38	928.84
	Contribution to Gratuity and other funds (refer note 33)	81.72	96.66	92.80	85.87
	Staff welfare expenses	79.22	89.66	82.00	80.09
	Total employee benefits expense	**1,272.07**	**1,431.76**	**1,261.18**	**1,094.80**
26	**Depreciation and amortisation expense**				
	Depreciation on property, plant and equipment	731.35	928.85	781.02	767.29
	Depreciation on Investment property	8.52	11.31	11.31	11.31
	Amortisation on intangible assets	20.37	22.66	27.01	24.15
	Total depreciation and amortisation expense	**760.24**	**962.82**	**819.34**	**802.75**

(₹ in Million)

	For nine months ended December 31, 2017	For the year ended at March 31, 2017	For the year ended at March 31, 2016	For the year ended at 31, 2015 (Proforma)
27 Other Expenses				
Consumption of stores and spares and loose tools	316.17	415.66	425.44	350.01
Consumption of packing materials	150.26	174.61	142.41	118.64
Repairs to				
Buildings	5.02	9.31	22.87	21.41
Machinery	57.61	67.11	77.93	71.62
Others	86.38	125.73	101.32	86.07
Telephone and communication expenses	9.64	14.32	17.38	13.96
Water and electricity charges	405.56	485.43	475.02	429.38
Rental charges [refer note 40(b)]	37.80	44.81	20.42	10.80
Rates and taxes	6.15	10.08	8.24	7.40
Contract labour cost	591.76	709.48	695.73	594.04
Legal and professional fees	74.44	88.55	109.24	97.60
Net Foreign Exchange Loss	-	-	19.90	-
Net loss on sale of tangible/ intangible assets	1.82	4.85	7.12	7.99
Guarantee commission paid	-	0.06	0.69	6.17
Travelling and conveyance	108.18	139.35	126.26	113.89
Insurance	12.31	19.52	19.09	12.85
Payment to Auditors - refer note (a) below	8.04	12.46	11.17	8.36
Corporate social responsibility expenditure - refer note (b) below	18.15	16.71	19.98	17.13
Provision for doubtful loans, advances and debts (Net)	7.13	1.24	2.24	-
Sales promotion, marketing and advertisement cost	54.15	64.17	61.37	58.35
Research and development expenses - refer note (c) below	267.59	223.69	167.35	143.26
Freight and forwarding expenses	236.35	224.63	220.48	209.59
Royalty	2.89	2.33	2.94	0.94
Warranties	14.64	20.00	31.60	12.20
Miscellaneous expenses	101.07	130.35	157.00	44.34
Total Other expenses	**2,573.11**	**3,004.45**	**2,943.19**	**2,436.00**

(a) Payment to auditors				
Statutory audit fees	1.42	3.60	3.60	3.00
Tax audit fees	0.28	0.28	0.28	0.30
Certification fees	0.50	0.43	0.50	0.19
Others	4.91	6.89	6.25	4.43
Re-imbursement of expenses	0.93	1.26	0.54	0.44
Total payment to auditors	**8.04**	**12.46**	**11.17**	**8.36**

(b) Corporate social responsibility expenditure

As set out in section 135 of the Companies Act, 2013, the Company is required to contribute ₹5.45 Million (March 31, 2017 ₹11.0 Million, March 31,2016 ₹ 15.7 Million and March 31,2015 (Proforma) ₹20.1 Million) towards Corporate Social Responsibility activities as calculated basis 2% of its average net profits of the last three financial years. Accordingly, during the nine month period ended December 31, 2017, the Company has contributed ₹ 18.15 Million (March 31, 2017 ₹16.71 Million, March 31,2016 ₹ 19.98 Million and March 31,2015 ₹ 17.13 Million) towards the eligible projects as mentioned in Schedule VII (Including amendments thereto) of the Companies Act, 2013. There is no capital expenditure incurred towards corporate social responsibilities.

(c) Research and development expenses				
Details of revenue expenditure				
Consumption of raw materials, stores and spares	8.16	18.52	14.07	13.81
Power and fuel	2.58	2.96	1.19	1.83
Repairs and maintenance	7.07	8.85	7.20	6.26
Personnel costs	107.44	129.38	102.62	91.20
Others	142.34	63.98	42.27	30.16
Subtotal	**267.59**	**223.69**	**167.35**	**143.26**
Depreciation	21.05	23.10	18.39	16.79
Total	**288.64**	**246.79**	**185.74**	**160.05**
Details of capital expenditure incurred for Research and Development are given below:				-
Plant and machinery	4.74	2.80	17.15	17.02
Factory equipment's and electrical installations	1.09	-	-	-
Office equipment's	0.03	0.99	-	0.06
Tools and equipment's	1.09	1.50	0.06	0.63
Furniture and electrical fittings	0.11	1.55	0.07	-
Vehicles	-	1.51	0.13	0.12
Computers	4.11	4.05	1.03	2.39
Software	8.07	16.94	5.55	7.42
Technical knowhow	-	-	8.94	-
Total	**19.24**	**29.34**	**32.93**	**27.64**
				-

(₹ in Million)

	For nine months ended December 31, 2017	For the year ended at March 31, 2017	For the year ended at March 31, 2016	For the year ended at 31, 2015 (Proforma)
28 Finance cost				
(Other than Imputed interest and changes in cash flow estimates on liability portion of CCPS)				
Interest and finance charges on financial liabilities not at fair value through profit or loss	285.35	406.37	410.53	435.00
Exchange differences regarded as an adjustment to borrowing costs	3.87	(0.20)	36.84	16.22
Other borrowing costs	5.96	20.73	28.23	16.35
Total finance costs	**295.18**	**426.90**	**475.60**	**467.57**

29 Segment Information

In accordance with paragraph 4 Ind AS 108 "Operating segments", the Company has disclosed segment information only on the basis of the consolidated financial statements.

30 Income tax expense				
(i) Profit and loss section				
(a) Income tax expense				
Current tax				
Current tax on profits for the period / year	168.56	107.68	54.75	98.12
Total current tax expense	**168.56**	**107.68**	**54.75**	**98.12**
Deferred tax	76.36	(30.89)	(7.04)	(12.31)
Total Income tax expenses recognised in statement of profit and loss	**244.92**	**76.79**	**47.71**	**85.81**
(ii) Other comprehensive Income (OCI) section				
(a) Deferred losses on cash flow hedges				
Income tax charged to OCI	1.66	7.56	13.42	-
(b) Remeasurement of defined benefit obligation				
Income tax charged to OCI	0.64	4.25	(1.18)	2.84
Total Deferred tax charged to OCI	**2.30**	**11.81**	**12.24**	**2.84**
Reconciliation of tax expense and the accounting profit :				
Profit before tax	769.24	500.14	1,474.55	(3,303.74)
Tax rate	34.61%	34.61%	34.61%	33.99%
Income tax expense as per applicable tax rate	266.22	173.09	510.31	(1,122.94)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Weighted deduction on research and development expenditure	(51.24)	(64.60)	(52.80)	(46.94)
Corporate social responsibility expenditure	6.28	5.78	6.90	5.82
Disallowance u/s 14A of Income Tax Act, 1961	3.30	4.67	7.10	5.18
Exempt non-operating Income	(12.08)	(37.25)	(7.30)	(11.30)
Non-Deductible Expenses	0.84	2.16	36.60	13.75
Investment Allowance	-	(52.03)	(27.80)	(60.58)
Imputed interest and changes in cash flow estimates on liability portion of CCPS	-	14.40	(438.70)	1,284.97
Others	31.60	30.57	13.40	17.85
	(21.30)	**(96.30)**	**(462.60)**	**1,208.75**
Income tax expense	**244.92**	**76.79**	**47.71**	**85.81**

31 Disclosure on specified bank notes (SBNs)

The details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, as per the notification G.S.R. 308(E) dated March 31, 2017 is given below:

(Amount in ₹)

Particulars	SBNs*	Other denomination Notes	Total
Closing cash in hand as on November 8, 2016	984,500	75,039	1,059,539
(+) Permitted receipts	-	942,000	942,000
(-) Permitted payments	-	(623,504)	(623,504)
(-) Amount deposited in Banks	(984,500)	(16,850)	(1,001,350)
Closing cash in hand as on December 30, 2016	**-**	**376,685**	**376,685**

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the November 8, 2016.

32 Dues to micro and small enterprises

The Company has dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

(₹ in Million)

		As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
a)	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at period/ year end	5.58	12.31	15.20	-
b)	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at period/ year end	*	*	0.14	-
c)	Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the period/ year	16.56	227.96	22.87	6.38
d)	Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the period/ year	-	-	-	-
e)	Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the period/ year	-	-	-	11.82
f)	Interest due and payable towards suppliers registered under MSMED Act, for payments already made	0.20	0.27	0.74	-
g)	Further interest remaining due and payable for earlier years	1.28	1.01	0.12	-

* Amount below rounding off norm adopted by the Company

33 Employee benefit obligation

A Defined contribution plans:

The Company has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards defined contribution plan is as under

(₹ in Million)

	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
(I) Contribution to Employees' provident fund	30.93	39.86	37.64	37.28
(II) Contribution to Employees' family pension fund	23.86	30.31	27.89	21.46
Total	54.79	70.17	65.53	58.74

B Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees' last drawn basic salary plus dearness allowance per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to recognised funds in India. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

(₹ in Million)

Particulars	As at			
	December 31, 2017	March 31, 2017	March 31, 2016	March 31, 2015 (Proforma)
(a) Change in present value of benefit obligations				
Liability at the beginning of the period/ year	149.57	125.45	109.82	79.20
Service cost	18.00	21.11	20.60	19.49
Interest expense	7.79	9.30	8.36	7.10
Remeasurements - Actuarial (gains)/ losses (refer note (e) below)	2.14	11.97	(2.41)	8.03
Benefits paid	(9.85)	(18.26)	(10.92)	(4.00)
Liability at the end of the period/ year	167.65	149.57	125.45	109.82
(b) Change in fair value of plan assets				
Fair value of plan assets at the beginning of the period/ year	134.59	117.25	82.36	77.70
Interest income	7.31	9.75	7.65	7.05
Remeasurements- Return on plan assets excluding amounts recognised in interest income (refer note (e) below)	0.30	(0.32)	1.00	(0.18)
Contributions	10.11	26.17	37.16	1.79
Benefits paid	(9.85)	(18.26)	(10.92)	(4.00)
Fair value of plan assets at the end of the period/ year	142.46	134.59	117.25	82.36

(c) The net liability disclosed above relates to funded plan is as follows:

(₹ in Million)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
Present value of funded obligations	167.65	149.57	125.45	109.82
Fair value of plan assets	142.46	134.59	117.25	82.36
Deficit of funded plan	25.19	14.98	8.20	27.46

(d) Expenses to be recognized in the Statement of Profit and Loss under employee benefit expenses.

(₹ in Million)

Particulars	For period / year ended			
	December 31, 2017	March 31, 2017	March 31, 2016	March 31, 2015 (Proforma)
Service cost	18.00	21.11	20.60	19.49
Net interest (income)/expense	0.48	(0.45)	0.71	0.05
Net gratuity cost	18.48	20.66	21.31	19.54

(e) Expenses to be recognized in statement of other comprehensive income:

(₹ in Million)

Particulars	For period / year ended			
	December 31, 2017	March 31, 2017	March 31, 2016	March 31, 2015 (Proforma)
Remeasurement				
Experience (Gain)/ Losses on plan liabilities	(0.06)	(2.90)	(2.41)	(2.47)
(Return) / loss on plan assets excluding amounts recognised in interest (income)/expenses	(0.30)	0.32	(1.00)	0.18
(Gain)/loss from change in financial assumptions	2.20	14.87	-	10.50
	1.84	12.29	(3.41)	8.21

(f) Valuation in respect of gratuity has been carried out by independent actuary, as at the balance sheet date, based on the following assumptions:

Particulars	**For period / year ended**			
	December 31, 2017	**March 31, 2017**	**March 31, 2016**	**March 31, 2015 (Proforma)**
Discount rate	7.10%	7.20%	8.00%	8.00%
Salary growth rate	7.00%	7.00%	7.00%	7.00%
Weighted average duration of defined benefit obligation	11.73	12.15	12.04	11.84

As per actuary report, the Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government bonds.

Quantitative sensitivity analysis for significant assumptions are as follows:

	For period / year ended			
Change in Assumption	**December 31, 2017**	**March 31, 2017**	**March 31, 2016**	**March 31, 2015 (Proforma)**
Increase/(decrease) in present value of defined benefit obligation as at the end of the period/ year				
(i) 1% increase in discount rate	12.06%	12.20%	11.38%	11.00%
(ii) 1% decrease in discount rate	14.62%	14.81%	13.76%	13.27%
(iii) 1% increase in rate of salary escalation	12.59%	12.82%	11.81%	11.25%
(iv) 1% decreasing rate of salary escalation	10.92%	11.06%	10.20%	9.81%

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by 1%, keeping all other actuarial assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of reporting period) has been applied while calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Major categories of Plan Assets are as follows: **(₹ in Million)**

		As at December 31, 2017	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015 (Proforma)**
Funds managed by Insurer	Amount	142.46	134.59	117.25	82.36
	%	100%	100%	100%	100%

As the funds are managed wholly by the insurance company, the break-up of the plan assets is unavailable.

The Company contributes all ascertained liabilities towards gratuity to the Life Insurance Corporation. As of December 31, 2107 ₹ 142.46 million, March 31, 2017 ₹ 134.59 Million, March 31, 2016, ₹117.25 Million and March 31, 2015 (Proforma) ₹ 82.36 Million, the plan assets have been primarily invested in insurer managed funds.

Actual return on assets for the year ended December 31 2017, March 31, 2017, March 31, 2016 and March 31, 2015 (Proforma) was ₹ 7.61 Million, ₹ 9.43 Million, ₹ 8.65 Million and ₹ 6.87 Million respectively.

The Company expects to contribute ₹ 22.50 Million to the gratuity trusts during the fiscal 2018.As at December 31, 2017 it has contributed ₹10.11 Million.

Maturity profile of defined benefit obligation:

(₹ in Million)

	As at December 31, 2017	**As at March 31,2017**	**As at March 31, 2016**	**March 31, 2015 (Proforma)**
Within 1 year	₹ 4.68	₹ 4.88	₹ 3.94	₹ 3.11
1-2 year	₹ 5.75	₹ 5.14	₹ 6.50	₹ 5.10
2-3 year	₹ 9.65	₹ 7.45	₹ 7.09	₹ 8.12
3-4 year	₹ 10.91	₹ 10.63	₹ 11.17	₹ 9.15
4-5 year	₹ 15.53	₹ 12.32	₹ 13.56	₹ 12.61
5-10 years	₹ 102.58	₹ 92.97	₹ 86.59	₹ 78.22

Risk Exposure and Asset Liability Matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed here under as companies take on uncertain long-term obligations to make future benefit payments.

1) **Liability Risks**

Asset-Liability Mismatch Risk-

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

Discount Rate Risk-

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

Future Salary Escalation and Inflation Risk -

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often resulting higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) **Asset Risks**

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

The company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

34 Fair Value Measurement

Financial instruments by category

(₹ in Million)

	As at											
	December 31, 2017			March 31, 2017			March 31, 2016			March 31, 2015 (Proforma)		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets												
Investments												
- Equity instruments	0.06	-	-	0.06	-	-	0.06	-	-	0.04	-	-
- Mutual funds	220.13	-	-	-	-	-	119.40	-	-	24.20	-	-
- Government securities	-	-	0.06	-	-	0.06	-	-	0.06	-	-	0.06
Trade receivables	-	-	3,202.28	-	-	2,517.42	-	-	2,307.33	-	-	1,804.91
Loans	-	-	42.32	-	-	35.59	-	-	22.91	-	-	288.36
Cash and bank balances	-	-	163.28	-	-	31.30	-	-	149.85	-	-	180.35
Derivative financial assets	38.78	-	-	39.17	-	-	13.36	-	-	7.13	-	-
Other financial assets	-	-	0.29	-	-	6.99	-	-	16.41	-	-	51.79
Total financial assets	258.97	-	3,408.23	39.23	-	2,591.36	132.82	-	2,496.56	31.37	-	2,325.47
Financial liabilities												
Borrowings	-	-	4,406.44	-	-	4,829.96	-	-	7,174.19	-	-	10,703.49
Derivative financial liabilities	-	65.42	-	-	60.61	-	-	38.91	-	23.60	-	-
Security deposits	-	-	40.89	-	-	34.67	-	-	27.77	-	-	21.40
Trade payables	-	-	2,796.64	-	-	2,219.64	-	-	2,055.64	-	-	1,814.34
Acceptances	-	-	340.66	-	-	296.18	-	-	376.36	-	-	316.07
Other financial liabilities	-	-	379.67	-	-	237.11	-	-	296.62	-	-	225.11
Total financial liabilities	-	65.42	7,964.30	-	60.61	7,617.56	-	38.91	9,930.58	23.60	-	13,080.41

(i) **Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

December 31, 2017 (₹ in Million)

Financial assets and liabilities measured at fair value - recurring fair value measurements	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets				
Equity instruments	-	0.06	-	0.06
Foreign exchange forward contracts	-	1.65	-	1.65
Mutual funds	220.13	-	-	220.13
Investments-Government Securities	0.06	-	-	0.06
Foreign currency options		37.13		37.13
Financial Liabilities				
Principal and Interest rate swaps	-	65.42	-	65.42

Assets and liabilities which are measured at amortised cost for which fair values are disclosed	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Liabilities				
Borrowings	-	-	4,406.44	4,406.44

March 31, 2017

Financial assets and liabilities measured at fair value - recurring fair value measurements	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets				
Equity instruments	-	0.06	-	0.06
Foreign exchange forward contracts	-	4.67	-	4.67
Investments-Government Securities	0.06	-	-	0.06
Foreign currency options	-	34.50	-	34.50
Financial Liabilities				
Principal and Interest rate swaps	-	60.61	-	60.61

Assets and liabilities which are measured at amortised cost for which fair values are disclosed	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Liabilities				
Borrowings	-	-	4,829.96	4,829.96

March 31, 2016

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
Financial Assets				
Mutual funds - Growth plan	119.40	-	-	119.40
Equity instruments	-	0.06	-	0.06
Foreign currency options	-	13.36	-	13.36
Investments-Government Securities	0.06	-	-	0.06
Financial Liabilities				
Principal and Interest rate swaps	-	38.91	-	38.91

(₹ in Million)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Borrowings	-	-	7,174.19	7,174.19

March 31, 2015 (Proforma)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
Financial Assets				
Mutual funds - Growth plan	24.20	-	-	24.20
Foreign exchange forward contracts	-	7.13	-	7.13
Equity instruments	0.04	-	-	0.04
Investments-Government Securities	0.06	-	-	0.06
Financial Liabilities				
Foreign exchange forward contracts	-	4.60	-	4.60
Principal and Interest rate swaps	-	19.00	-	19.00

Assets and liabilities which are measured at amortised cost for which fair values are disclosed	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Borrowings	-	-	10,703.49	10703.49

Commentary

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market are determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(ii) **Valuation technique used to determine fair value**

The following methods and assumptions were used to estimate the fair value of the level 2 financial instruments included in the above tables:

- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- the fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date.
- the fair value of foreign currency option contracts is determined using the Black Scholes valuation model.

Commentary

The carrying amounts of trade receivables, loans, trade payables, Security deposits, other financial assets, other financial liabilities, acceptances and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature. The fair value of non-current financial assets and non-current liabilities except for borrowings, also approximates its carrying value.

The investment in government securities were calculated based on cash flows discounted using a current lending rate. They are classified as level 2 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The fair values of borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

35 Financial risk management

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's corporate treasury department is responsible for liquidity and funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows. Cash and cash equivalents are held with major banks.

(ii) Maturities of financial liabilities

The table below summarises the maturity profile of the company's financial liabilities based on contractual payments.

(₹ in Million)

December 31, 2017	**On demand**	**< 1 year**	**1 to 5 years**	**> 5 years**
Non- derivative				
Borrowings	7.14	1,957.43	2,441.87	-
Contractual Obligation Of Interest		228.74	272.74	
Trade Payables	-	2,796.64	-	-
Acceptances	-	340.66	-	-
Other financial liabilities	35.37	379.67	5.52	-
Derivatives	-	65.42	-	-

(₹ in Million)

March 31, 2017	**On demand**	**< 1 year**	**1 to 5 years**	**> 5 years**
Non- derivative				
Borrowings	128.92	1,686.35	3,014.69	-
Trade Payables	-	2,219.64	-	-
Acceptances	-	296.18	-	-
Other financial liabilities	29.51	237.11	6.00	-
Derivatives	-	60.61	-	-

(₹ in Million)

March 31, 2016	**On demand**	**< 1 year**	**1 to 5 years**	**> 5 years**
Non- derivative				
Borrowings	109.92	2,874.47	4,186.35	3.45
Trade Payables	-	2,055.64	-	-
Acceptances	-	376.36	-	-
Other financial liabilities	23.09	294.00	8.62	-
Derivatives	-	38.91	-	-

(₹ in Million)

March 31, 2015 (Proforma)	**On demand**	**< 1 year**	**1 to 5 years**	**> 5 years**
Non- derivative				
Borrowings	94.22	2,635.45	7,951.62	22.20
Trade Payables	-	1,814.34	-	-
Acceptances	-	316.07	-	-
Other financial liabilities	17.20	203.24	27.87	-
Derivatives	-	23.60	-	-

- The amount disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

35 Financial risk management

Financial risk management

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments - foreign currency forward contracts, swaps and option contracts to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk, excluding receivables from related parties, is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The demographics of the customer including the default risk of the industry and country in which the customer operates also has an influence on credit risk assessment.

Market Risk

a) Foreign currency risk

The Company operates internationally and the business is transacted in several currencies. Consequently the Company is exposed to foreign exchange risk through its sale and purchase of goods and services, mainly in the United State and Europe and borrowings in various foreign currencies. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company’s operations are affected positively/adversely as the rupee appreciates /depreciates against these currencies. The Company evaluates exchange rate exposure arising from these transactions and enters into foreign exchange forward contracts, interest and principle swaps and options to mitigate the risk of changes in exchange rates on foreign currency exposures. The Company follows established risk management policies, to hedge forecasted cash flows denominated in foreign currency. The Company has designated certain derivative instruments as cash flow hedges to mitigate the foreign exchange exposure of forecasted highly probable cash flows.

i) The Company's exposure to foreign currency risk as of December 31, 2017 expressed in INR, is as follows: **(₹ in Million)**

	As at December 31, 2017				
	USD	**EURO**	**JPY**	**Other currencies**	**Total**
Financial assets					
Trade receivables	175.35	327.42	-	-	502.77
Interest receivable	-	74.43	-	-	74.43
Other assets	9.76	10.91	0.11	0.36	21.14
Financial liabilities					
Borrowings	1,276.65	73.37	114.69	-	1,464.71
Trade payables	210.68	20.87	24.88	13.11	269.54
Other liabilities	12.97	142.88	-	-	155.85
Net assets / (liabilities)	**(1,315.19)**	**175.64**	**(139.46)**	**(12.75)**	**(1,291.76)**

ii) The Company's exposure to foreign currency risk as of March 31, 2017 expressed in INR, is as follows: **(₹ in Million)**

	As at March 31, 2017				
	USD	**EURO**	**JPY**	**Other currencies**	**Total**
Financial assets					
Trade receivables	191.85	159.77	-	-	351.62
Interest receivable	-	67.25	-	-	67.25
Other assets	13.48	22.23	3.24	0.69	39.64
Financial liabilities					
Borrowings	1,433.73	94.83	133.97	-	1,662.53
Trade payables	160.16	13.58	34.45	15.92	224.11
Other liabilities	26.20	132.81	-	-	159.01
Net assets / (liabilities)	**(1,414.76)**	**8.03**	**(165.18)**	**(15.23)**	**(1,587.14)**

iii) The Company's exposure to foreign currency risk as of March 31, 2016 expressed in INR, is as follows: **(₹ in Million)**

	As at March 31, 2016				
	USD	**EURO**	**JPY**	**Other currencies**	**Total**
Financial assets					
Trade receivables	135.76	249.55	-	-	385.31
Interest receivable	-	72.88	-	-	72.88
Other assets	20.10	22.65	2.17	-	44.92
Financial liabilities					
Borrowings	1,817.30	133.90	182.70	-	2,133.90
Trade payables	102.71	11.52	41.19	13.66	169.08
Other liabilities	1.65	140.39	-	-	142.04
Net assets / (liabilities)	**(1,765.80)**	**59.27**	**(221.72)**	**(13.66)**	**(1,941.91)**

iv) The Company's exposure to foreign currency risk as of March 31, 2015 (Proforma) expressed in INR, is as follows: **(₹ in Million)**

	As at March 31, 2015 (Proforma)				
	USD	**EURO**	**JPY**	**Other currencies**	**Total**
Financial assets					
Trade receivables	98.43	204.07	-	-	302.50
Loans and interest receivable	198.73	65.60	-	-	264.33
Other assets	17.28	9.32	0.07	2.50	29.17
Financial liabilities					
Borrowings	1,340.02	214.83	204.32	-	1,759.17
Trade payables	132.41	14.40	32.35	13.12	192.28
Other liabilities	26.44	138.39	-	-	164.83
Net assets / (liabilities)	**(1,184.43)**	**(88.63)**	**(236.60)**	**(10.62)**	**(1,520.28)**

v) Sensitivity

For the period ended December 31, 2017 and year ended March 31, 2017, 2016 and 2015, every percentage point appreciation/depreciation in the exchange rate between the Indian rupee and U.S. Dollar, would have affected the Company's incremental operating margins by approximately ₹ 13.15 Million, ₹14.14 Million, ₹17.65 Million and ₹11.84 respectively. The sensitivity for net exposure in EURO, JPY and in other currencies does not have material impact to Statement of Profit and Loss.

Sensitivity analysis is computed based on the changes in the receivables and payables in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

b) 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 change in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligations with floating interest rates.

Interest rate sensitivity

The sensitivity analysis below have been determined based on exposure to interest rate. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ in Million)

For the period ended	Currency	Increase/ decrease in base points	Effect on profit before tax	Variable rate CC balance / Term loans
December 31, 2017	INR	+100	(12.17)	1,226.70
	INR	-100	12.17	1,226.70
March 31, 2017	INR	+100	(15.00)	1,500.18
	INR	-100	15.00	1,500.18
March 31, 2016	INR	+100	(18.93)	1,893.30
	INR	-100	18.93	1,893.30
March 31, 2015 (Proforma)	INR	+100	(19.64)	1,963.80
	INR	-100	19.64	1,963.80

Credit Risk Management

Credit risk arises when a customer or counterparty does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing/ investing activities, including deposits with banks. The Company has 9 to 10 major clients which represents 80%-85% of receivables and company is receiving payments from these parties within due dates. Hence, the company has no significant credit risk related to these parties.

Trade receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Further, Company's customers includes marquee OEMs and Tier I companies, having long standing relationship with the Company. Outstanding customer receivables are regularly monitored and reconciled. At December 31, 2017, receivable from Company's top 5 customers accounted for approximately 77.16% (March 31, 2017: 74%, March 31, 2016: 71% and March 31, 2015: 76%) of all the receivables outstanding. An impairment analysis is performed at each reporting date on an individual basis based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables disclosed in Annexure XI. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

36 Capital Management

(a) Risk management

The Company's capital comprises equity share capital, preference share capital, securities premium, retained earnings and other equity attributable to shareholders.

The Company objectives when managing capital are to:
- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The company monitors capital gearing ratio, which is net debt divided by total capital. Net debt comprises of long term and short term borrowings less cash and bank balances, equity includes equity share capital, preference share capital and reserves and equity component of compound financial instrument that are managed as capital. The gearing at the end of the reporting period was as follows.

The Company's strategy is to maintain a gearing ratio of 1:1

(₹ in Million)

	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
Net debt	4,243.16	4,798.66	7,024.34	10,523.14
Total Equity	10,000.30	9,472.42	6,999.68	2,948.53
Net debt to equity ratio	0.42	0.51	1.00	3.57

No changes were made in the objectives, policies or processes for managing capital of the company during the reporting period.

(i)Loan covenants

The Company's capital management aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There has been no breach in the financial covenants of any interest-bearing loans and borrowing during the current period and previous years.

(₹ in Million)

(b) Dividends	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
(i) Equity Shares				
Interim dividend for the nine months ended December 31, 2017 of ₹Nil (March 31, 2017 of ₹ 3.50 ,March 31, 2016 of ₹ 3.50 and March 31, 2015 (Proforma) of ₹ 2.85) per fully paid share	-	(40.25)	(40.25)	(32.78)

37 Impact of hedging activities

(a) Disclosure of effects of hedge accounting on financial position

December 31, 2017 **(₹ in Million)**

Type of hedge and risks	Nominal value		Carrying amount of hedging instruments		Maturity date	Hedge ratio	Weighted average strike price/rate	Changes in fair value of hedging instruments	Changes in the value of hedged items used as the basis for recognising the hedge effectiveness
	Assets	Liabilities	Assets	Liabilities					
Cash flow hedge									
Principal and interest rate swaps		466.84		55.06	June 4, 2018 - March 4, 2021	1:1	₹ 68.75	(2.97)	2.97
Principal and interest rate swaps		144.57		10.36	August 18, 2018 - May 20, 2021	1:1	₹ 66.60	(1.84)	1.84

March 31, 2017 **(₹ in Million)**

Type of hedge and risks	Nominal value		Carrying amount of hedging instruments		Maturity date	Hedge ratio	Weighted average strike price/rate	Changes in fair value of hedging instrument	Changes in the value of hedged items used as the basis for recognising the hedge effectiveness
	Assets	Liabilities	Assets	Liabilities					
Cash flow hedge									
Principal and interest rate swaps		472.87		52.09	June 4, 2018 - March 4, 2021	1:1	₹68.75	(13.32)	13.32
Principal and interest rate swaps		146.40		8.52	August 18, 2018 - May 20, 2021	1:1	₹66.6	(8.52)	8.52

March 31, 2016 **(₹ in Million)**

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date	Hedge ratio	Weighted average strike price/rate	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising the hedge effectiveness
	Assets	Liabilities	Assets	Liabilities					
Cash flow hedge									
Principal and interest rate swaps		483.93		38.77	June 4, 2018 - March 4, 2021	1:1	₹68.75	(38.77)	38.77

Movement in cash flow hedging reserve **(₹ in Million)**

	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma) #
Cash flow hedge				
Balance at the beginning of the year	(8.95)	(9.28)	-	-
Loss on changes in fair value of hedging instrument	(4.81)	(21.84)	(38.77)	-
Income tax relating to gains/loss reclassified to profit and loss	1.66	7.56	13.42	-
Reclassification to Statement of Profit and Loss	7.91	14.61	16.07	-
Balance at the end of the year	**(4.19)**	**(8.95)**	**(9.28)**	-

 # No cash flow hedge reserve for the year ended March 31, 2015 (Proforma)

38 Amalgamation of Varroc Exhaust Systems Private Limited (VESPL) and Varroc Engineering Private Limited (VEPL).

Pursuant to the Order of Hon'ble Bombay High Court, passed on September 29, 2016, approving a Scheme of Amalgamation ("the Scheme") of Varroc Exhaust Systems Private Limited, a wholly owned subsidiary with the Company. Under the scheme, the assets and liabilities of VESPL were transferred to and vested in the Company with effect from April 1, 2015, the appointed date as per the Scheme. The Company completed the process of Amalgamation on October 18, 2016 by filing of the aforesaid Order with the Registrar of Companies.

The transaction recorded in accordance with Court approved scheme under previous GAAP is consistent with the requirement of Ind AS 103 'Business Combination' Appendix C which deals with common control transactions.

In accordance with the Scheme, authorised equity share capital has been increased to 14,000,000 equity shares of ₹ 10 each from 11,000,000 equity shares of ₹ 10 each. The amount of share capital of the VESPL and investment in equity by VEPL of ₹19.60 Million have been adjusted against each other.

Dividend income of ₹19.60 Million received by VEPL from VESPL during the year was added in "Surplus in the Statement of Profit and Loss".

The assets and liabilities recognised as a result of the acquisition as at April 1, 2015 are as follows: **(₹ in Million)**

Varroc Exhaust Systems Private Limited (VESPL)	
	Book value
Non Current Assets	
Property Plant & Equipment	12.34
Current Asset	
Inventories	33.44
Financial Assets	
Current Investments	87.83
Trade receivables	24.54
Cash and cash equivalents	2.97
Bank balances other than Cash and Cash equivalents	0.10
Loans	0.10
Other current assets	18.25
Total Asset	**179.57**
Other Equity	
Reserve and surplus	104.78
Non-current liabilities	
Other financial liabilities	
Provisions	0.54
Deferred tax liabilities (Net)	0.49
Current liabilities	
Financial liabilities	
Trade payables	44.07
Other financial liabilities	2.93
Provisions	4.22
Current tax liabilities (Net)	1.13
Other current liabilities	1.82
Total Liabilities	**159.98**
Value of the investment eliminated against the net book value	**19.60**

39 Related Party Disclosure.

a. Related parties and their relationships

1	Subsidiaries	Varroc Polymers Private Limited Durovalves India Private Limited Varroc Exhaust System Private Limited (Amalgamated w.e.f. April 1, 2015) (Refer Note 38) Varroc Lighting Systems (India) Private Limited Team Concepts Private Limited (w.e.f. Nov 30, 2017) Varroc European Holding B.V. Netherlands Aries Mentor Holding B.V. Netherlands Varroc Corp Holding B.V.Netherlands Varroc Japan Co. Ltd Japan (w.e.f. March 27, 2017) Industria Meccanica E Stampaggio s.p.a., ITALY Esex Forging SRL, Italy (Liquidated on March 31, 2017) TRI.O.M., S.p.A. , Italy Electromures SA, Romania TRI.O.M. Vietnam Co. Ltd., Vietnam Varroc Lighting Systems SRO, Czech Republic Varroc Lighting Systems S.de.R.L. De. C.V., Mexico Varroc Lighting Systems GMBH, Germany Varroc Lighting Systems Inc. USA Varroc Lighting Systems sp. Z o.o., Poland Varroc Lighting Systems SA, Morocco Varroc Do Brasil Comércio, Importação E Exportação De Máquinas, Equipamento E Peças Ltda. TRI.O.M. Mexico SA De. C. V.Mexico
2	Jointly Controlled Entities	Varroc TYC Corporation British Virgin Islands Varroc TYC Auto Lamps Co. Ltd., China (Subsidiary of Varroc TYC Corporation BVI) Varroc TYC Auto Lamps Co. Ltd. CQ; China (Subsidiary of Varroc TYC Corporation BVI) Varroc Elastomers Private Limited (until March 15, 2017) Nuova CTS S.r.L., Italy
3	Key Management Personnel	Mr. Tarang Jain - Managing Director Whole time Directors Mr. Arjun Jain (w.e.f July 15, 2015) Mr. Ashwani Maheshwari (w.e.f March 29, 2016) Mr. Ravinder Kumar (until July 15, 2015) Mr. Harsh Kohli (until March 21, 2016) Mr. K.Muralidharan (until June 06, 2014) Non-executive Directors Mr. Naresh Chandra Independent Directors Mr. Marc Szulewicz (w.e.f. July 20, 2017) Mrs. Vijaya Sampath (w.e.f. July 20, 2017) Mr. Gautam Khandelwal (w.e.f July 20, 2017)
4	Relatives of Key Management Personnel with whom transactions have taken place	Mrs. Suman Jain Mrs. Rochana Jain
5	Enterprises controlled or jointly controlled by persons identified in 3 and 4 above where there have been transactions	Endurance Technologies Limited Tarang Jain (HUF) Varroc Trading Private Limited (until October 20, 2016)

b. Transactions with related parties

	Description of the nature of transactions	Volume of transactions				Amount (₹ in Million)							
		For nine months ended December 31, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	As at December 31, 2017		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015 (Profroma)	
						Receivable	Payable	Receivable	Payable	Receivable	Payable	Receivable	Payable
A]	**Sale of goods, services and fixed assets** *												
	Industria Meccanica E Stampaggio s.p.a., ITALY	7.54	6.40	10.53	-	10.34	-	2.80	-	8.25	-	-	-
	TRI.O.M., S.p.A., Italy	0.08	0.12	0.83	-	1.01	-	0.94	-	0.82	-	3.30	-
	Varroc Polymers Private Limited	93.30	104.63	180.94	180.00	29.92	-	20.19	-	17.58	-	26.50	-
	Durovalves India Private Limited	14.31	68.67	85.21	45.30	0.68	-	-	-	-	-	-	-
	Varroc Lighting Systems (India) Private Limited	0.63	-	0.12	-	0.81	-	-	-	0.12	-	-	-
	Endurance Technologies Limited	63.26	63.92	65.37	48.30	7.73	-	3.75	-	7.75	-	4.00	-
	Varroc Exhaust Private Limited	-	-	-	-	-	-	-	-	-	-	0.50	-
	Varroc Elastomers Private Limited	-	-	-	0.20	-	-	-	-	-	-	0.20	-
	Mr. Tarang Jain	83.00	-	-	-	-	-	-	-	-	-	-	-
B]	**Purchase of goods, services and fixed assets** *												
	Durovalves India Private Limited	125.59	142.95	215.54	176.5	-	21.78	-	0.16	-	36.65	-	42.00
	TRI.O.M., S.p.A., Italy	1.52	0.06	4.10	6.7	-	1.79	-	0.46	-	0.36	-	4.20
	Electromures SA, Romania	-	0.01	-	-	-	0.14	-	0.14	-	-	-	-
	Varroc Lighting Systems SRO, Czech Republic	8.95	0.20	-	-	-	9.14	-	0.20	-	-	-	-
	Varroc Lighting Systems (India) private limited	5.03	0.68	-	-	-	-	-	-	-	-	-	-
	Varroc Japan Co Ltd	10.77	-	-	-	-	1.28						
	Varroc Polymers Private Limited	238.49	330.87	342.57	436.60	-	27.73	-	45.71	-	40.85	-	85.00
	Varroc Elastomers Private Limited	-	78.74	60.85	79.90	-		-	12.73	-	10.96	-	8.00
C]	**Dividend received**												
	Varroc Polymers Private Limited - Equity Shares	6.61	6.61	5.29	-	-	-	-	-	-	-	-	-
	Durovalves India Private Limited - Equity Shares	-	11.01	15.72	13.60	-	-	-	-	-	-	-	-
	Varroc Exhaust Systems Private Limited - Equity Shares	-	-	-	19.60	-	-	-	-	-	-	-	-
D]	**Management consultancy fees received**												
	Durovalves India Private Limited	3.75	5.00	5.00	5.00	1.48	-	2.63	-	3.91	-	-	-
	Varroc Elastomer Private Limited	-	15.00	-	-	-	-	-	-	-	-	-	-
	Varroc Corp Holding B.V.	-	-	1.00	-	-	-	-	-	-	-	-	-
	TRI.O.M., S.p.A., Italy	2.85	3.50	3.65	3.50	2.85	-	3.50	-	3.71	-	-	-
	Varroc Exhaust Systems Private Limited	-	-	-	1.00	-	-	-	-	-	-	-	-
	Varroc Lighting Systems Inc. USA	47.79	65.28	66.20	61.40	20.65	-	32.25	-	32.94	-	31.10	-
E]	**Reimbursement of expenses-received**												
	Varroc Polymers Private Limited	-	-	-	0.50	-	-	-	-	-	-	-	-
	Durovalves India Private Limited	-	**	-	-	-	-	-	-	-	-	-	-

Transactions with related parties

	Description of the nature of transactions	Volume of transactions				Amount (₹ in Million)							
		For nine months ended December 31, 2017	For the year ended 31 March, 2017	For the year ended 31 March, 2016	For the year ended 31 March, 2015 (Proforma)	As at December 31, 2017		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015 (Profroma)	
						Receivable	Payable	Receivable	Payable	Receivable	Payable	Receivable	Payable
F]	**Rent received**												
	Varroc Polymers Private Limited	10.66	12.90	11.75	11.30	-	-	-	-	-	-	-	-
	Varroc Exhaust Systems Private Limited	-	-	-	6.60	-	-	-	-	-	-	-	-
				-	-								
G]	**Interest received**												
	Varroc Lighting Systems (India) Private Limited (On Loan)	-	-	4.40	1.70	-	-	-	-	-	-	0.10	-
	Varroc Lighting Systems (India) Private Limited (On Debenture)	-	-	-	20.90	-	-	-	0.00	0.00	0.00	9.37	-
	Varroc Corp Holding B.V.	-	-	0.50	12.30	-	-	-	-	-	-	12.06	-
	Varroc European Holding B.V. Netherlands ##	-	-	-	-	74.43	-	67.25	-	72.88	-	65.60	-
H]	**Guarantee commission received**												
	Industria Meccanica E Stampaggio s.p.a., ITALY	-	9.90	30.38	-	-	-	-	-	0.96	-	-	-
	Varroc Lighting Systems (India) Private Limited	0.55	1.47	0.94	-	-	-	0.37	-	0.39	-	-	-
	Varroc Lighting Systems S.de.R.L. De. C.V., Mexico	9.67	12.24	-	-	-	-	-	-	-		-	-
	Varroc Lighting Systems Inc. USA	11.98	6.14	-	-	-	-	-	-	-		-	-
	Varroc European Holding B.V.	12.73	5.75	12.65	-	2.35	-	2.10	-	-	-	-	-
	Varroc Corp Holding B.V.	-	-	-	9.10	-	-	-	-	-	-	-	-
I]	**Professional charges paid**												
	Mr. Naresh Chandra	0.14	0.57	0.57	0.60	-	-	-	-	-	-	-	-
	Mr. Gautam Khandelwal	-	-	-	0.30	-	-	-	-	-	-	-	-
	Mrs. Rochana Jain	-	-	0.22	2.70	-	-	-	-	-	-	-	-
	TRI.O.M., S.p.A., Italy	-	2.54	-	0.40	-	-	-	-	-	-	-	-
	Varroc Polymers Private Limited.	-	2.67	2.98	2.80	-	-	-	1.40	-	1.33	-	-
	Varroc Lighting Systems Inc.	-	-	-	2.10	-	-	-	-	-	-	-	-
J]	**Interest paid**												
	Mr. Naresh Chandra	-	-	-	**	-	-	-	**	-	**	-	-
	Mrs. Suman Jain	-	-	-	0.20	-	-	-	-	-	-	-	-
L]	**Rent paid**												
	Mrs. Rochana Jain	-	-	-	-	-	-	-	-	-	-	-	-
J]	**Director's fees paid**												
	Mr. Naresh Chandra	0.04	0.14	0.09	0.10	-	-	-	-	-	-	-	-
	Mr. Gautam Khandelwal	0.30	0.10	0.09	**	-	-	-	-	-	-	-	-
	Mr. Marc Szulewicz	0.20	-	-	-	-	-	-	-	-	-	-	-
	Mrs. Vijaya Sampath	0.20	-	-	-	-	-	-	-	-	-	-	-
K]	**Dividend paid**												
	Mr. Tarang Jain	-	24.20	20.90	17.00	-	-	-	-	-	-	-	-
	Mr. Naresh Chandra	-	5.40	4.10	3.30	-	-	-	-	-	-	-	-
	Mrs. Suman Jain	-	4.04	4.22	3.40	-	-	-	-	-	-	-	-
	Mr. Naresh Chandra and Mrs. Suman Jain	-	-	1.52	1.20	-	-	-	-	-	-	-	-
	Mr. Tarang Jain and Mrs. Rochana Jain	-	-	2.85	2.30	-	-	-	-	-	-	-	-
	Tarang Jain - HUF		-	0.05	**	-	-	-	-	-	-	-	-
	Varroc Polymers Private Limited- equity shares	-	2.98	2.98	2.40	-	-	-	-	-	-	-	-
L]	**Guarantee commission paid**												
	Varroc Polymers Private Limited	-	0.06	0.69	6.20	-	-	-	-	-	0.27	-	-
M]	**Managerial Remuneration #**												
	Mr. Tarang Jain	35.64	41.46	40.39	30.30	-	-	-	-	-	-	-	-
	Mr. Arjun Jain - WTD	4.42	4.80	3.57	-	-	-	-	-	-	-	-	-
	Mr. Ravinder Kumar - WTD	-	-	2.02	3.70	-	-	-	-	-	-	-	-
	Mr. Harsh Kohli - WTD	-	-	6.60	3.50	-	-	-	-	-	-	-	-
	Mr. K. Muralidharan -WTD	-	-	-	1.40	-	-	-	-	-	-	-	-
	Mr. Ashwani Maheshwari-WTD	10.21	13.32	0.10	-	-	-	-	-	-	-	-	-
N]	**Remuneration #**												
	Mr. Arjun Jain	-	-	0.81	2.20	-	-	-	-	-	-	-	-
	Mrs. Rochana Jain	6.10	6.56	5.68	-	-	-	-	-	-	-	-	-
O]	**Reimbursement of expenses - paid**												
	Varroc Polymers Private Limited	-	-	0.20	-	-	-		-		-	-	-
	TRI.O.M., S.p.A., Italy	-	0.12	-	6.00	-	-	-	-	-	-	-	-
P]	**Security Deposit Transfer**												
	Varroc Polymer Private Limited.	-	-	-	-	-	-	0.25	-	-	-	-	-
Q]	**Loan given and received back during the year (net)**												
	Varroc Corp Holding B.V.	-	-	(186.76)	(52.00)	-	-	-	-	-	-	186.76	-
	Varroc Lighting Systems (India) Private Limited	-	-	(60.00)	60.00	-	-	-	-	-	-	60.00	-
R]	**Guarantees for facilities availed by Subsidiaries**												
	Varroc Lighting Systems (India) Private Limited	150.00	150.00	150.00	-	-	-	-	-	-	-	-	-
	Varroc Exhaust Systems Private Limited				50.00								
	IMES Spa, Italy (March 31, 2016 Euro 15 million)	-	-	1,134.00	305.82	-	-	-	-	-	-	-	-
	Varroc Lighting Systems S.de.R.L. De. C.V., Mexico (December 31, 2017 USD 17.20 Million, March 31, 2017 USD 20.75 million)	1,331.94	1,349.17	-	-	-	-	-	-	-	-	-	-
	Varroc Lighting System Inc. USA (December 21, 2017 USD 30 Million, March 31, 2017 USD 20.75 million)	1,989.89	1,349.17	-	-	-	-	-	-	-	-	-	-
S]	**Stand by letter of credit given for facilities availed by subsidiaries**												
	Varroc Corp Holding B.V.(March 31, 2016 USD 20.75 million)	-	-	1,330.80	-	-	-	-	-	-	-	-	-
	IMES Spa, Italy (March 31, 2016 Euro 4.50 million)	-	-	340.20	-	-	-	-	-	-	-	-	-
	Varroc European Holding B.V. (December 31, 2017 USD 22.12 Million, March 31, 2017 - Euro 16.51 million, March 31, 2016 - Euro 1.51 million)	1,735.77	1,149.76	114.16	-	-	-	-	-	-	-	-	-
T]	**Loans from directors/shareholders repaid**												
	Mr. Naresh Chandra	-	-	-	0.40	-	-	-	-	-	-	-	-
	Mr. Suman Jain	-	-	-	13.80	-	-	-	-	-	-	-	-

* All the amounts inclusive of taxes, if any.

** Amount below rounding off norm adopted by the Company.

As gratuity and compensated absences are computed for all the employees in aggregate, the amount relating to the key managerial personnel, cannot be individually identified.

refer Annexure XII for Provision made for doubtful debts.

There is no provision for doubtful debts related to outstanding balances and no expense has been recognised during the current period in respect of bad or doubtful debts due from related parties.

Note:
During the year ended March 31, 2017 the company has issued 852,359 Series B CCPS and 1,168,377 Series C CCPS as bonus shares to key managerial personnel and their relative. Subsequently during the period ended December 31, 2017 Series B CCPS have been converted into equity shares based on the terms of the agreement, refer note 13.

40 Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

(₹ in Million)

	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
Property, plant and equipment	339.40	263.40	662.16	347.43

(b) Rental expense relating to operating leases

(₹ in Million)

	Year Ended December 31, 2017	Year Ended March 31, 2017	Year Ended March 31, 2016	As at March 31, 2015 (Proforma)
Total rental expense relating to operating leases	37.80	44.81	20.42	10.80

41 Earnings per share

	For nine months ended December 31, 2017	Year Ended March 31, 2017	Year Ended March 31, 2016	Year Ended March 31, 2015 (Proforma)
Earnings per share (EPS)				
Basic				
Profit after tax (₹ in Million)	524.32	423.35	1,426.84	(3,389.55)
Less : Dividend on compulsorily convertible preference shares#	-	-	-	-
Profit attributable to ordinary equity shareholders (₹ in Million) (A)	524.32	423.35	1,426.84	(3,389.55)
Weighted average number of shares outstanding (without considering impact of shares split)	14,290,112	11,777,377	10,465,851	10,465,851
Weighted average number of shares outstanding (after considering impact of shares split) (B)	142,901,120	117,773,767	104,658,510	104,658,510
Basic EPS (Amount in ₹) (A/B)	**3.67**	**3.59**	**13.63**	**(32.39)**
Diluted				
Profit attributable to ordinary equity shareholders (₹ in Million)	524.32	423.35	1,426.84	(3,389.55)
Add/(Less): Imputed interest and changes in cash flow estimates on liability portion of CCPS	-	41.60	(1,267.54)	3,780.43
Profit attributable to equity shareholders (₹ in Million) (C)	**524.32**	**464.95**	**159.30**	**390.88**
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	142,901,120	117,773,767	104,658,510	104,658,510
Add: Weighted number of shares of potential equity shares on account of Compulsorily convertible preference shares	-	3,643,700	15,330,850	15,207,920
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share (D)	142,901,120	121,417,467	119,989,360	119,866,430
Diluted EPS (Amount in ₹) (C/D)	**3.67**	**3.83**	**1.33**	**3.26**
Basic earnings per share (Amount in ₹)	3.67	3.59	13.63	(32.39)
Diluted earnings per share (Amount in ₹)*	3.67	3.59	1.33	(32.39)

* Diluted earnings per share for the year ended March 31, 2015 (Proforma) and March 31, 2017 is restricted to Basic earnings per share due to the anti dilutive impact.

Amount below rounding off norms adopted by the Company.

Note:

Subsequent to the period ended December 31, 2017, the Company has sub divided the face value per equity share from ₹ 10 to ₹ 1. Accordingly, Basic and Diluted earnings per share presented above have been adjusted in accordance with Ind AS 33 - 'Earnings per share'.

42 Contingent liabilities

Claims against the company not acknowledged as debt

(₹ in Million)

	December 31, 2017	**March 31, 2017**	**March 31, 2016**	**March 31, 2015 (Proforma)**
Disputed Excise and Service Tax matters	122.13	119.11	12.63	11.42
Income Tax matters	124.59	-	-	44.58
Sales Tax matters	-	2.66	5.57	2.91
Other money for which the Company is contingently liable	31.90	29.86	43.28	35.82
Others	18.21	18.21	18.21	-

43 Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are: **(₹ in Million)**

	December 31, 2017	March 31,2017	March 31,2016	March 31,2015 (Proforma)
Current				
Financial assets				
Investments	220.13	-	119.40	24.20
Trade receivables	3,202.28	2,517.42	2,307.33	1,804.91
Cash and bank balances	163.28	31.30	149.85	180.35
Other financial assets (including loans)	63.82	71.21	47.33	344.61
Non-financial assets				
Inventories	1,795.80	1,731.48	1,638.51	1,474.31
Other current assets	238.24	275.67	304.99	354.07
Total current assets pledged as security	**5,683.55**	**4,627.08**	**4,567.41**	**4,182.45**
Non-current				
Movable and immovable fixed assets of the Company both present and future.	5,928.00	6,699.51	6,608.17	6,013.14
Total non-currents assets pledged as security	**5,928.00**	**6,699.51**	**6,608.17**	**6,013.14**
Total assets pledged as security	**11,611.55**	**11,326.59**	**11,175.58**	**10,195.59**

44 The Company has provided corporate guarantees / Stand by letter of credit:

(₹ in Million)

Particulars	**December 31, 2017**	**March 31, 2017**	**March 31, 2016**	**March 31,2015 (Proforma)**
Corporate guarantees for loan taken by Indian Subsidiary	150.00	150.00	150.00	50.00
Corporate guarantees for loan taken by Foreign Subsidiaries December 31, 2017 - USD 51.75 million (March 31, 2017 - USD 41.50 million, March 31, 2016 - Euro 15 million)	3,321.83	2,698.35	1,134.00	-
Standby letter of credit given for loans taken by Foreign subsidiaries				
- EURO 22.56 million (March 31, 2017 -EURO 16.50 million ,March 31, 2016 - Euro 6.01 million)	1,735.77	1,149.76	454.40	305.80
- NIL (March 31, 2017 - Nil, March 31, 2016 - USD 20.75 million)	-	-	1,330.80	-

For above guarantees following charge is created in favour of

1) Stand by letter of credit from Citi Bank is secured by first pari-passu charge on movable fixed assets of Crankshaft unit both present and future located at M-191/3, MIDC, Waluj, Aurangabad - 431136.

2) Stand by letter of credit from IDBI Bank is secured by first pari-passu charge by way of hypothecation of stocks of raw materials, work in progress, finished goods, consumable, stores and spares, packing materials and receivables of the Company both present and future.

3) Stand by letter of credit from Axis Bank is secured by subservient charge on the entire current assets and movable fixed assets of the Company

45 The Shareholders at their meeting held on January 25, 2018, accorded their approval for conversion of the Company from a “Private Limited Company” to a “Public Limited Company”. Necessary documents have been filed with the Ministry of Corporate Affairs and the same is approved by the Register of Companies (ROC) Mumbai on February 05, 2018.

Annexure VI

Statement of Adjustments to Audited Standalone Financial Statements

Summarized below are the restatement adjustments made to the audited financial statements for nine months period ended December 31, 2017 and years ended March 2017, 2016 and 2015 and their impact on the profit / (loss) of the Company:

(₹ in Million)

Sr.No.	Particulars	Note	For nine months ended December 31, 2017	For the year ended 31 March, 2017	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	Net Profit as per Ind AS		**524.32**	**420.04**	**1,432.18**	**(3,391.47)**
A	**Adjustments:**					
	Material Restatement Adjustments					
	(Excluding those on account of changes in accounting policies)					
	(i) Audit Qualifications : None					
	(ii) Other material adjustments					
	Tax Pertaining to earlier years	**I**	-	3.31	(3.05)	1.92
	Interest on Income tax refund	**II**	-	-	(3.50)	-
	(iii) Deferred tax adjustments	**III**	-	-	1.21	-
		Total	**-**	**3.31**	**(5.34)**	**1.92**
B	**Adjustments on account of changes in accounting policies :**		-	-	-	-
C	**Total impact of Adjustments (A+B)**		-	**3.31**	**(5.34)**	**1.92**
	Net Profit as per Restated Standalone Statement of Profit and Loss		**524.32**	**423.35**	**1,426.84**	**(3,389.55)**

A Notes to adjustments:

I In the audited financial statements of the Company for the nine months period ended December 31, 2017 and for the years ended March 31, 2017, 2016 and 2015, taxes have been accounted for pertaining to earlier years based on return of income and / or intimations/ orders received from Income-tax authorities. For the purpose of these statements, such items have been appropriately adjusted to the respective years to which they relate.

II In the audited financial statements of the Company for the nine months period ended December 31, 2017 and for the years ended March 31, 2017, 2016 and 2015, Interest on Income tax have been accounted based on orders received from Income-tax authorities. For the purpose of these statements, such items have been appropriately adjusted to the respective years to which they relate.

III The tax rate applicable for the respective periods/ years has been used to calculate the deferred tax impact on other material adjustments.

Annexure VI (Continued)

B (i) Other Matters :- None

B (ii) Auditor's Comment in Company Auditor's Report Order - Non - Adjusting Items :-

Statutory Auditors have made the following comments in terms with the requirements of 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 Companies act, 2013 of India for Financial Year 2016-17, 2015-16 and in terms with the requirements of the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section 11 of Section 143 of the Companies act, 2013 of India for Financial Year 2014-15:

For the financial year ended March 31, 2015
Clause (vii)

a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of service tax and income tax, though there has been a slight delay in a few cases, and is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, sales tax, wealth tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of sales tax and service tax as at March 31, 2015 which have not been deposited on account of a dispute are as follows:

Name of the statute	Nature of dues	Amount (₹ in Million)	Period to which the amount relates	Forum where the dispute is pending
The Central Excise Act, 1944	Excise and service tax	8.20	2008-2009 to 2013-2014	Assistant Commissioner, Central Excise and Service Tax
The Central Excise Act, 1944	Excise and service tax	1.30	2012-2013 and 2013-2014	Deputy Commissioner, Central Excise and Service Tax
The Central Excise Act, 1944	Excise and service tax	0.60	2005-2006 and 2006-07	Customs, Excise and Service tax Appellate Tribunal
The Central Excise Act, 1944	Excise and service tax	0.80	2010-2011	Joint Commissioner, Central Excise, Customs and Service Tax
Maharashtra Value Added Tax Act, 2002	Sales Tax	2.40	2007-08	Joint Commissioner (Appeal)

For the financial year ended March 31, 2016

Clause (vii)

(a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax and provident fund, though there has been a slight delay in a few cases, and is regular in depositing the undisputed statutory dues, including employees' state insurance, sales tax, wealth tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, service tax, duty of customs and duty of excise duty, as at March 31, 2016 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in Million)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act , 1994	Service tax & Excise	3.40	2010-11 to 2014-15	Assistant Commissioner, Central Excise and Service Tax
Central Excise Act , 1994	Service tax & Excise	0.20	2005-06	Tribunal, Central Excise and Service Tax
Central Excise Act , 1994	Service tax & Excise	7.00	2009-10 to 2014-15	Commissioner Appeals, Central Excise and Service Tax
Central Excise Act , 1994	Service tax & Excise	1.00	2008-09 and 2013-14	Deputy Commissioner ,Central Excise and Service Tax
Central Excise Act , 1994	Service tax & Excise	0.80	2010-11	Joint Commissioner, Central Excise, and Service Tax
Maharashtra Value Added Tax Act, 2002	Sales Tax	2.40	2007-08	Joint Commissioner (Appeals)
Central Sales Tax Act,	Sales Tax	2.70	2012-13	Joint Commissioner (Appeals)

For the financial year ended March 31, 2017

Clause (vii)

(a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of Provident fund, Employees' state insurance, Service tax and Income tax though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including, professional tax, sales tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of service tax, duty of excise and sales tax as at March 31, 2017 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in Million)	Period to which the amount relates	Forum where the dispute is pending
The Central Excise Act, 1944	Service tax & Excise	121.90	2006-07 to 2015-16	Commissioner, Central Excise, Customs and Service Tax
The Central Excise Act, 1944	Service tax & Excise	2.20	2010-11 to 2016-17	Assistant Commissioner Central Excise and Service Tax
The Central Excise Act, 1944	Service tax & Excise	0.30	2011-12 and 2012- 13	Deputy Commissioner of Central Excise & Service Tax
Maharashtra Value Added Tax Act, 2002	Sales Tax	2.30	2012-13	Joint Commissioner (Appeal)

Annexure VII
Restated Standalone Statement of Secured Borrowings

(₹ in Million)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
Non current borrowings (Refer annexure VIIA)				
Secured				
Debentures				
800 8.10% Non convertible debentures of ₹1,000,000 each	800.00	800.00	-	-
Term loans				
From banks				
Rupee loans	416.67	379.99	76.90	184.97
Foreign currency loans	740.20	1,074.49	1,111.72	758.62
From financial Institutions	234.83	327.21	521.72	548.26
Buyers credit (capital nature)	167.50	305.26	242.72	368.29
Subtotal (A)	2,359.20	2,886.95	1,953.06	1,860.14
Current borrowings (Refer annexure VIIA)				
Cash Credit	7.14	128.92	109.92	94.22
Pre-shipment credit in foreign currency (PCFC)	-	-	63.10	182.77
Factored Receivables/Bill Discounting	-	-	699.78	1,239.52
Buyers credit (other than capital nature)	-	-	211.12	212.53
Subtotal (B)	7.14	128.92	1,083.92	1,729.04
Current portion of Secured Non current borrowings, included in Other Current Liabilities				
Term loans				
From banks				
Rupee loans	93.35	40.02	108.66	311.52
Foreign currency loans	365.47	159.30	197.41	202.04
From financial Institutions	121.96	195.05	525.14	442.05
Buyers credit (capital nature)	191.54	123.50	306.79	11.78
Subtotal (C)	772.32	517.87	1,138.00	967.39
Total (A+B+C)	**3,138.66**	**3,533.74**	**4,174.98**	**4,556.57**

1) Rupee term loans from The Saraswat Cooperative Bank Limited and foreign currency loan (ECB) from ICICI Bank are secured by:
a) First pari-passu charge by way of hypothecation of movable fixed assets of the Company both present and future located at Aurangabad, Pune and Uttaranchal plant(s) except Crankshaft unit located at M-191/3, MIDC, Waluj, Aurangabad - 431136.
b) ECB Loan from ICICI Bank secured by First pari-passu charge by way of Joint Mortgage of immovable properties of the Company located at E-4, L-6/2, and L-4 MIDC ,Waluj, Aurangabad-431136.
c) Letter of credit/ Buyer's credit for capex from Corporation Bank are secured by First pari-passu charge by way of hypothecation of movable fixed assets of the Company both present and future of unit V located at L-6/2, MIDC, Waluj, Aurangabad -431136 .

2) a) Foreign currency loan (FCNR loan USD 7.27 million) from Citi Bank N.A. is secured by first pari-passu charge on movable fixed assets of Crankshaft unit both present and future located at M-191/3, MIDC, Waluj, Aurangabad - 431136.
b) Foreign currency loan (FCNR loan USD 2.25 million) from Citi Bank N.A. is secured by first pari-passu charge on movable fixed assets of solar unit both present and future located at Sakri, Dhule.

3) Rupee Term Loans from Financial Institution, From Banks and Non Convertible debentures are secured by:
a) Rupee Term loan of ₹ 500 Million availed from Bajaj Finance Limited is secured by first pari-passu charge on movable fixed assets both present and future of crankshaft unit located at M-191/3 MIDC, Waluj, Aurangabad - 431136.
b) Rupee Term Loan from Kotak Mahindra Bank Limited is secured by way of first pari passu charge on movable fixed assets both present and future of unit V located at L-6/2, MIDC, Waluj, Aurangabad -431136.
c) 8.10% Non convertible debentures of ₹ 800 Million is secured by way of first pari passu charge on movable fixed assets both present and future of unit III located at B-24 & 25, MIDC, Chakan, Pune - 410501 and unit VII (Valves and Forging) located at L-4, MIDC, Waluj, Aurangabad - 431136.

4) The carrying amounts of financial and non financial assets pledged as security for current and non-current borrowings are disclosed in Annexure V - Note 43

Terms of Current borrowings (secured):

Working capital facilities availed from Corporation Bank, Standard Chartered Bank, HDFC Bank Limited, CITI Bank N.A, ICICI Bank Limited, IDBI Bank Limited and Kotak Mahindra Bank Limited are secured by first pari-passu charge by way of hypothecation of stocks of raw materials, work in progress, finished goods, consumable, stores and spares, packing materials and receivables of the Company both present and future.

Maturity profile of current borrowings

Particulars	Maturity Date	Terms of Repayment	Interest rate
Cash Credit	On Demand	On Demand	9.35% to 13.5%
Pre-shipment credit in foreign currency (PCFC)	Various	6 Month	5.15%
Factored Receivables/Bill Discounting	Various	45 days	9.55% to 9.75%
Buyer's credit (other than capital)	Various	360 days	0.70% to 1.80%

Maturity profile of non current borrowings **(₹ in Million)**

Particulars	Effective Interest Rate	Current (refer note 19)	Non Current				Total
			2019	2020	2021	2022	
Term Loans	8.4% to 11%	580.78	719.17	415.09	174.11	83.33	1,391.70
Debentures	8.10%	-	-	800.00	-	-	800.00
Buyers Credit	0.24% to 2.38%	191.54	117.21	50.29	-	-	167.50
		772.32	836.38	1,265.38	174.11	83.33	2,359.20

Annexure VII (A)
Restated Standalone Statement of Principal Terms of Secured Borrowings outstanding

Sr No	Bank Name	Facility	Rate of Interest % p.a.	Currency	Outstanding as on December 31, 2017 (₹ in Million)	Current Portion (₹ in Million)	Non Current Portion (₹ in Million)	Repayment Terms as per loan agreement	Reschedulement/ Pre payment/ Defaults and Penalties	Security as per Loan Agreement
1	Citi Bank N.A.	FCNR Loan	O/N USD Libor + 1% (Fully hedged cost 9%)	USD	466.84	116.71	350.13	Repayment in 12 quarterly installments after moratorium period of 2 years. Last date 4th March 2021	Prepayment - Allowed subject to repayment on interest reset date. Default Interest Rate - 2% p.a. over and above normal interest rate	Hypothecation by way of first pari passu charge on movable fixed assets of Crankshaft unit situated at M-191/3, Waluj, Aurangabad of the company.
2	Citi Bank N.A.	FCNR Loan	O/N USD Libor + 1.6% (Fully hedged cost 9%)	USD	144.58	24.11	120.47	Repayment in 12 quarterly installments after moratorium period of 2 years. Last date 20th May 2021.	Prepayment - Allowed subject to repayment on interest reset date. Default Interest Rate - 2% p.a. over and above normal interest rate	Hypothecation by way of first pari passu charge on movable fixed assets of Solar unit situated at Sakri, Dhule of the company.
3	The Saraswat Co Op Bank Ltd	Term Loan	10.25% (PLR -4%)	INR	10.02	10.02	-	Repayment in 60 monthly installments after moratorium period of 1 year. Last date 10th March 2018	Prepayment - Allowed subject to repayment on interest reset date. Default Interest Rate - 2% p.a. over and above normal interest rate	Hypothecation by way of first pari passu charge on movable fixed assets of the companies unit I (E-4), IV (M-140-141), V (L-6/2), VII (L-4) situated at Waluj Aurangabad, III (B-24& 25), VI (Takve) situated at Pune, and Pantnagar.
4	Bajaj Finance Limited	Term Loan	10.05% (Base Rate -1.1%)	INR	283.86	97.73	186.13	Repayment in 48 equated monthly installments after moratorium period of 1 year. Last date 5th August 2020	Prepayment - Allowed Default Interest Rate - 4% p.a. over and above normal interest rate	Hypothecation by way of first pari passu charge on movable fixed assets of Crankshaft unit situated at M-191/3, Waluj, Aurangabad of the company.
5	Bajaj Finance Limited	Term Loan	10.05% (Base Rate -1.1%)	INR	72.93	24.23	48.70	Repayment in 48 equated monthly installments after moratorium period of 1 year. Last date 5th September 2020	Prepayment - Allowed Default Interest Rate - 4% p.a. over and above normal interest rate	Hypothecation by way of first pari passu charge on movable fixed assets of Crankshaft unit situated at M-191/3, Waluj, Aurangabad of the company.
6	ICICI Bank Limited	ECB	6 M Libor + 4.95% (Fully hedged cost 11%)	USD	494.26	224.66	269.60	Payable in 24 quarterly ballooning installments after period of 1 year moratorium. Last payment date 30th July 2019	Prepayment - Allowed subject to prepayment penalty of 1%. Default Interest Rate - 1% p.a. over and above normal interest rate	First charge by way of equitable mortgage of immovable properties of the company of unit I situated at E-4, Waluj, Aurangabad, unit V situated at L-6/2, Waluj, Aurangabad and unit VII situated at L-4, Waluj Aurangabad.
7	Kotak Mahindra Bank Limited	Term Loan	8.45% (6 M MCLR + 0.1%)	INR	500.00	83.33	416.67	Payable in 18 quarterly installments after period of 1.5 years moratorium. Last payment 18th August 2022	Prepayment - Allowed subject to prepayment penalty of 2% in case of prepayment through other borrowing and NIL in case of through internal accrual or equity.Default Interest Rate - 2% p.m. over and above normal interest rate	Hypothecation by way of first pari passu charge on movable fixed assets of VEPL V unit situated at L-6/2, waluj Aurangabad of the company.
8	IDBI Debenture Trustee	Non Convertible Debentures	8.10%	INR	800.00	-	800.00	Bullet Repayment on 28th February 2020	Prepayment - Not Allowed . Default Interest Rate - 2% p.a. over and above normal interest rate	Hypothecation by way of first pari passu charge on movable fixed assets of VEPL III situated at B-24 & 25, Chakan, Pune and VEPL VII unit situated at L-4, Waluj, Aurangabad of the company.
9	ICICI Bank Limited	Buyers Credit	1.63% - 2.33%	INR	103.62	70.68	32.94	Various due dates within 2 years	Default Interest Rate - 6% p.a. over and above normal interest rate	First pari passu charge on entire current assets of company
10	IDBI Bank Limited	Buyers Credit	0.47% - 0.69%	INR	59.18	59.18		Various due dates within 2 years		First pari passu charge on entire current assets of company
11	Kotak Mahindra Bank Limited	Buyers Credit	0.25% - 2.11%	INR	196.24	61.67	134.56	Various due dates within 2 years	Default Interest Rate - 2% p.m. over and above normal interest rate	First pari passu charge on entire current assets of company
12	IDBI Bank Limited	Cash Credit	1 year MCLR + 0.7%	INR	2.68	2.68	-	Repayable on demand		First pari passu charge on entire current assets of company
13	Citi Bank N.A.	Cash Credit	As agreed from time to time, presently 10.25% p.a.	INR	4.10	4.10	-	Repayable on demand	Default Interest Rate - 2% p.a. over and above normal interest rate	First pari passu charge on entire current assets of company
14	Kotak Mahindra Bank Limited	Cash Credit	6 M MCLR +1.35%	INR	0.36	0.36	-	Repayable on demand	Default Interest Rate - 2% p.m. over and above normal interest rate	First pari passu charge on entire current assets of company
			Total		**3,138.66**	**779.46**	**2,359.20**			

Annexure VIII
Restated Standalone Statement of Unsecured Borrowings

(₹ in Million)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
Unsecured non current borrowings:				
Deferred sales tax loan	82.67	127.74	176.45	218.92
Subtotal (A)	82.67	127.74	176.45	218.92
Unsecured current borrowings:				
Working capital facilities				
From banks (Pre-shipment Credit)	150.00	-	320.00	-
From financial institutions	-	380.00	400.00	-
Commercial Papers	990.05	739.65	-	-
Subtotal (B)	1,140.05	1,119.65	720.00	-
Current portion of unsecured non current borrowings, included in Other Current Liabilities				
Deferred sales tax loan	45.05	48.83	42.36	33.23
Subtotal (C)	45.05	48.83	42.36	33.23
Total (A+B+C)	**1,267.77**	**1,296.22**	**938.81**	**252.15**

Maturity profile of current borrowings

Particulars	Maturity Date	Terms of Repayment	Interest rate
From banks	Various	6 Month	5.15%
From financial institutions	Various	40 to 42 days	8.7% to 8.8%
Commercial Papers	Feb 23 & 26, 2018	75 days	6.65%

Maturity profile of non current borrowings

Particulars	Current / Non Current	Year	₹ in Million
Deferred Sales Tax loan	Non Current	2019	35.09
	Non Current	2020	25.29
	Non Current	2021	16.09
	Non Current	2022	6.20
Total of Non current			82.67
	Current		45.05

Annexure VIII
Restated Standalone Statement of Unsecured Borrowings

Sl. No.	Lender	Nature of Facility (Term Loan-INR/FCY, Working Capital Facility-Cash credit/ Packing credit, Short term Loan)	Rate of Interest %	Loan currency	Amount Outstanding as at December 31, 2017 (₹ in Million)	Current Portion (₹ in Million)	Non Current Portion (₹ in Million)	Repayment Terms as per loan agreement	Reschedulement/ Pre payment/ Defaults and Penalties
1	Deferred sales Tax Loan	Government Incentive	Nil	INR	127.72	45.05	82.67	Repayable in annual installment in five year after the expiry of ten year of availment under package incentive scheme.	Prepayment - option is there to pre pay at Net Present Value (NPV) as per the package scheme of incentive. Default / Penalty - Interest as applicable from time to time in case of default in payment.
2	Axis Mutual Fund Trustee Ltd. A/c Axis Mutual Fund Account Axis Liquid Fund	Commercial Paper	6.65%	INR	495.16	495.16	-	Payable afte 87 days due on 23rd Feb 2018	Prepayment not allowed
3	Axis Mutual Fund Trustee Ltd. A/c Axis Mutual Fund A/c Axis Liquid Fund	Commercial Paper	6.65%	INR	494.89	494.89	-	Payable after 90 days due on 26th Feb 2018	Prepayment not allowed
4	Citi Bank N.A.	Packing Credit	5.15%	INR	150.00	150.00	-	Payable on or before 7th April 2018	
				Total	**1,267.77**	**1,185.10**	**82.67**		

Annexure IX
Restated Standalone Statement of Non Current Liabilities

(₹ in Million)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
Other Non Current Financial Liabilities				
Security deposits	5.52	5.16	4.68	4.20
Retention money	-	-	2.61	21.87
Total of Non current other Financial Liabilities (A)	5.52	5.16	7.29	26.07
Other Non Current liabilities				
Deferred government grant	144.86	-	40.04	79.99
Total of Other Non Current liabilities (B)	144.86	-	40.04	79.99
Total (A+B)	**150.38**	**5.16**	**47.33**	**106.06**

Annexure X
Restated Standalone Statement of Investments

(₹ in Million)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
Non Current Investments				
Investment in subsidiaries- equity instruments at cost fully paid up (unquoted)				
Durovalves India Private Limited *December 31, 2017: 3,144,730, (March 31, 2017:3,144,730, March 31, 2016:3,144,730, March 31, 2015:3,144,730) Fully paid shares of face value ₹ 10 each*	324.78	324.78	324.78	324.78
Varroc Lighting Systems (India) Private Limited *December 31, 2017: 439,997, (March 31, 2017:439,997, March 31, 2016:439,997, March 31, 2015:439,997) Fully paid shares of face value ₹ 10 each*	445.09	445.09	445.09	445.09
Varroc Polymers Private Limited *December 31, 2017:529,100, (March 31, 2017:529,100, March 31, 2016:529,100, March 31, 2015:529,100) Fully paid shares of face value ₹ 10 each*	500.00	500.00	500.00	500.00
Varroc Exhaust System Private Limited (Refer note 38) *December 31, 2017:Nil, (March 31, 2017:Nil, March 31, 2016:Nil, March 31, 2015:1,960,000) Fully paid shares of face value ₹ 10 each*	-	-	-	19.60
Varroc European Holding B.V. *December 31, 2017: 207,670, (March 31, 2017:207,670, March 31, 2016:207,670, March 31, 2015:207,670) Fully paid shares of face value Euro 100 each*	1,300.42	1,300.42	1,300.42	1,300.42
Aries Mentor Holding B.V. *December 31, 2017: 102,475, (March 31, 2017:102,475, March 31, 2016:102,475, March 31, 2015:102,475) Fully paid shares of face value Euro 100 each*	738.34	738.34	738.34	738.34
Varroc Corp Holding B.V. *December 31, 2017: 370,712, (March 31, 2017:370,712, March 31, 2016:370,712, March 31, 2015:370,712) Fully paid shares of face value Euro 100 each*	2,871.08	2,871.08	2,871.08	2,871.08
Varroc Japan Co. Ltd *December 31, 2017: 10,000, (March 31, 2017:10,000, March 31, 2016:Nil, March 31, 2015:Nil) Fully paid shares of face value Yen 10 each*	0.10	0.10	-	-
Total (A)	6,179.81	6,179.81	6,179.71	6,199.31
Investment carried at FVPL **Investment in equity instruments (unquoted)** The Saraswat Co-Operative Bank Limited *December 31, 2017: 6,000, (March 31, 2017: 6,000, March 31, 2016: 6,000, March 31, 2015: 3,500) Fully paid shares of face value ₹ 10 each*	0.06	0.06	0.06	0.04
Investment in Government securities at amortised cost (unquoted) National saving certificates	0.06	0.06	0.06	0.06
Total (B)	0.12	0.12	0.12	0.10
Total Non-current Investments (A+B)	**6,179.93**	**6,179.93**	**6,179.83**	**6,199.41**
Less : Provision for other than temporary diminution in equity instruments of subsidiaries Investments (C)	(1,532.72)	(1,532.72)	(1,532.72)	(1,532.72)
Total non current investment I (A+B-C)	4,647.21	4,647.21	4,647.11	4,666.69
Aggregate amount of unquoted investments	6,179.93	6,179.93	6,179.83	6,199.41
Aggregate amount of impairment in the value of investments	(1,532.72)	(1,532.72)	(1,532.72)	(1,532.72)

Annexure X
Restated Standalone Statement of Investments

(₹ in Million)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
Current Investments				
Investment in mutual funds (Unquoted)				
Units of Franklin India Blue Chip Fund Growth *(December 31, 2017: Nil, March 31, 2017:Nil, March 31, 2016:10,304.34, March 31, 2015: 10,304.34)*		-	3.55	3.66
Units of HDFC Top 200 Fund-Growth *(December 31, 2017: Nil, March 31, 2017:Nil, March 31, 2016: 21,019.10, March 31, 2015: 21,019.10)*		-	6.50	7.21
Units of ICICI Prudential Focus Bluchip Equity Fund *(December 31, 2017: Nil ,March 31, 2017:Nil, March 31, 2016:500,080.61, March 31, 2015:244,490.72)*		-	13.76	7.21
Units of Canara Robeco Equity Diversified Fund *(December 31, 2017: Nil ,March 31, 2017:Nil, March 31, 2016: 127,986.11, March 31, 2015:62,461.46)*		-	11.02	6.12
Units of LIC MF Liquid Fund *(December 31, 2017: 71,078.28, March 31, 2017:Nil, March 31, 2016: 30,786.81, March 31, 2015: Nil)*	220.13	-	84.57	-
Total Current Investments II	**220.13**	**-**	**119.40**	**24.20**
Aggregate amount of unquoted investments	220.13	-	119.40	24.20
Aggregate amount of impairment in the value of investments	-	-	-	-
Total (I + II)	**4,867.34**	**4,647.21**	**4,766.51**	**4,690.89**

Annexure XI
Restated Standalone Statement of Trade Receivable

(₹ in Million)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
Trade receivables				
Trade receivables	3,137.03	2,465.29	2,252.61	1,759.15
Receivable from related parties (refer Annexure V -note 39)	77.82	64.78	68.04	58.31
Less: Allowances for doubtful debts	(12.57)	(12.65)	(13.32)	(12.55)
	3,202.28	2,517.42	2,307.33	1,804.91
Breakup of Trade Receivable				
Unsecured considered good	3,202.28	2,517.42	2,307.33	1,804.91
Unsecured considered doubtful	12.57	12.65	13.32	12.55
Less: Allowances for Doubtful debts	(12.57)	(12.65)	(13.32)	(12.55)
Total	**3,202.28**	**2,517.42**	**2,307.33**	**1,804.91**
Current portion	**3,202.28**	**2,517.42**	**2,307.33**	**1,804.91**
Non Current portion	**-**	**-**	**-**	**-**

Transferred Receivables

The carrying amounts of trade receivables include receivable which are subject to a bill discounting arrangement. Under the arrangement, the company has transferred the relevant receivables to the factor/ bill discounting in exchange for cash and is prevented from selling or pledging the receivables. However, company has retained credit risk and therefore continues to recognise the transferred assets in its balance sheet. The amount repayable under the bill discounting agreement is presented as secured borrowing.

The relevant carrying amounts are as follows:				
Total transferred receivables (Annexure VII)	-	-	699.78	1,239.52

Note:

1 There are no amounts recoverable from Directors or Promoters of the Company.

2 The list of persons/entity classified as "Promoters and promoter group Company" has been provided by the management and relied upon by the auditor.

Annexure XII
Restated Standalone Statement of Loans

(₹ in Million)

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)
Non current loans				
Security Deposits	17.31	10.13	5.24	2.56
Total (A)	17.31	10.13	5.24	2.56
Current loans				
Loans to related parties (refer note 39)				
Interest receivable, Unsecured, considered good	-	-	-	21.53
Interest receivable, Unsecured, considered doubtful	74.43	67.25	72.88	65.60
Less: Provision for doubtful debts	(74.43)	(67.25)	(72.88)	(65.60)
Loans				
Unsecured, considered good	-	-	-	246.76
Security Deposits	24.04	24.42	16.52	16.48
Unsecured considered good				
Loans to employees	0.97	1.04	1.15	1.03
Total (B)	25.01	25.46	17.67	285.80
Total (A +B)	**42.32**	**35.59**	**22.91**	**288.36**

Note:
1 There are no amounts recoverable from Director or Promoters of the Company.
2 The list of persons/entity classified as "Promoters and promoter group Company" has been provided by the management and relied upon by the auditors.

Annexure XIII
Restated Standalone Statement of Other Income

(₹ in Million)

Particulars	Nature (Recurring / Non Recurring)	For nine months ended December 31, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)
Other Income:					
Rent income from Investment properties	Recurring	35.04	44.78	41.39	45.77
Dividend Income from equity investments carried at cost	Non Recurring	6.62	17.63	21.02	33.25
Fair value gain on Investments mandatorily measured at fair value through profit or loss	Non Recurring	-	-	-	4.60
Interest Income					
From financial assets measured at amortised cost	Recurring	0.16	1.96	6.36	39.98
Others	Non Recurring	0.41	4.10	17.86	1.87
Unwinding of discount on security deposit	Recurring	1.12	0.45	0.27	-
Net gain on sale of investments	Non Recurring	0.26	9.42	7.97	7.20
Government grants	Recurring	74.62	74.13	32.66	53.30
Net foreign exchange gain	Non Recurring	59.86	122.31	-	3.31
Commission on corporate guarantees	Recurring	34.93	35.50	43.97	9.12
Miscellaneous income	Non Recurring	4.66	14.23	0.94	3.31
Total		**217.68**	**324.51**	**172.44**	**201.71**
Add/(Less) Restatement adjustments (Refer Annexure VI)					
Interest on Income tax		-	-	(3.50)	-
Total		**-**	**-**	**(3.50)**	**-**
Total of Other income net of restatement adjustments		**217.68**	**324.51**	**168.94**	**201.71**

Note:
1 The classification of income into recurring and non-recurring is based on the current operations and business activities of the Company.

Annexure - XIV
Restated Standalone Statement of Accounting Ratios

Sr No	Particulars	For nine months ended December 31, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)
1	Restated Profit /(Loss) after tax (₹ in Million)	524.32	423.35	1,426.84	(3,389.55)
2	Profit attributable to equity shareholders (₹ in Million) - for Basic EPS	524.32	423.35	1,426.84	(3,389.55)
3	Profit attributable to equity shareholders (₹ in Million) - for Diluted EPS	524.32	464.95	159.30	390.88
4	Weighted average number of shares outstanding during the year - Basic (refer note 6 below)	142,901,120	117,773,767	104,658,510	104,658,510
5	Weighted average number of shares outstanding during the year - Diluted (refer note 6 below)	142,901,120	121,417,467	119,989,360	119,866,430
6	Number of Equity Shares outstanding at the end of the year (after considering effect of shares spilt) (refer Annexure V, note 13)	123,127,760	123,127,660	104,658,510	104,658,510
7	Net Worth for Equity Shareholders (₹in Million)	9,988.62	9,452.22	6,833.45	2,948.53
8	Accounting Ratios				
	Basic EPS (Amount in ₹)	3.67	3.59	13.63	(32.39)
	Diluted EPS (Amount in ₹)	3.67	3.59	1.33	(32.39)
	Return on Net Worth for Equity Shareholders (%)	5.25%	4.48%	20.88%	-114.96%
	Net asset value per equity share (₹)	81.12	76.77	65.29	28.17

Note:

1 The ratios on the basis of Restated standalone financial information have been computed as below:

$$\text{Basic Earnings per share (Rs)} = \frac{\text{Net profit as restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$$

$$\text{Diluted Earnings per share (₹)} = \frac{\text{Net profit as restated, attributable to equity shareholders}}{\text{Weighted average number of dilutive equity shares outstanding during the year}}$$

$$\text{Return on net worth (\%)} = \frac{\text{Net profit after tax as restated}}{\text{Net worth as restated at the end of the year}}$$

$$\text{Net Asset Value (NAV) per equity share (₹)} = \frac{\text{Net worth as restated at the end of the year}}{\text{Number of equity shares outstanding at the end of the year}}$$

2 Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during the year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.

3 Net worth for ratios mentioned in Sr. No. 7 is = Equity share capital + Reserves and surplus (including Retained Earnings, General Reserve, Debenture redemption reserve, Capital reserve, Security premium reserve) + Other Reserves (Cash Flow Hedge reserve, Equity Component of CCPS))

4 The above ratios have been computed on the basis of the Restated Standalone Financial Information- Annexure I & Annexure II.

5 Accounting ratios for the nine months period ended December 31, 2017 have not been annualised.

6 Subsequent to the period ended December 31, 2017, the Company have sub divided the face value per equity share from ₹ 10 to ₹ 1. Accordingly, Basic and Diluted earnings per share presented above have been adjusted in accordance with Ind AS 33 - 'Earnings per share' and other ratios have been adjusted appropriately.

Annexure - XV
Restated Standalone Statement of Capitalisation

(₹ in Million)

Particulars	Pre offer as at December 31, 2017
Long term Borrowings	2,447.39
Short term Borrowings	1,147.19
Current portion of Secured long term borrowings, included in Other Current Liabilities	772.32
Debt (A)	4,366.90
Shareholders' fund	
Share capital	134.81
Other Equity	9,865.49
Total Shareholders' fund (B)	10,000.30
Debt/Equity Ratio (A/B)	0.44

Notes:

i) The above has been computed on the basis of the Restated Standalone Statement of Assets and Liabilties- (Annexure I) of the Company as on Decmber 31, 2017.

ii) The shareholders are proposing to have an initial public offering through offer for sale. Hence there will be no change in the shareholder's fund post issue.

Annexure XVI
Restated Standalone Statement of Tax Shelter

(₹ in Million)

Sr no	Particulars	For nine months ended December 31, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)
A	Profit Before tax- as restated **(A)**	769.24	500.14	1,474.55	(3,303.74)
B	Notional tax rate **(B)**	34.61%	34.61%	34.61%	33.99%
C	Tax as per notional rate on Profit **(C)**	266.22	173.09	510.31	(1,122.94)
	Adjustments				
	Tax impact of Permanent Differences due to:				
	Weighted deduction on research and development expenditure	(51.24)	(64.60)	(52.80)	(46.94)
	Corporate social responsibility expenditure	6.28	5.78	6.90	5.82
	Disallowance u/s 14A of Income Tax Act, 1961	3.30	4.67	7.10	5.18
	Exempt non-operating Income	(12.08)	(37.25)	(7.30)	(11.30)
	Non-Deductible Expenses	0.84	2.16	36.60	13.75
	Investment Allowance	-	(52.03)	(27.80)	(60.58)
	Imputed interest and changes in cash flow estimates on liability portion of CCPS	-	14.40	(438.70)	1,284.97
	Others	31.60	30.57	13.40	17.85
D	**Total Tax Impact on Permanent Difference**	(21.30)	(96.30)	(462.60)	1,208.75
	Tax impact on Timing Difference due to				
	Depreciation and amortization	20.62	(46.36)	(63.80)	(177.64)
	Others	26.18	(8.11)	(0.96)	(12.33)
	Expenses allowable under Income Tax on payment basis	(26.15)	(17.28)	14.00	8.50
	Provision for doubtful debts and advances	1.81	(2.25)	3.20	5.23
	Unabsorbed tax depreciation and losses	(75.31)	(2.63)	2.90	93.73
	MAT credit utilised	(23.51)	-	-	-
E	**Tax impact on Timing Difference**	(76.36)	(76.63)	(44.66)	(82.51)
F	**Net Adjustment (D+E)**	(97.66)	(172.93)	(507.26)	1,126.24
G	**Adjusted Tax Liability (C+F)**	168.56	0.16	3.05	3.30
	Minimum Alternate tax under sec 115JB of Income tax act including other taxes				
	Tax rate as per Minimum alternate tax under sec 115JB of income tax act	21.34%	21.34%	21.34%	20.96%
H	Tax liability as per Minimum alternate tax under sec 115JB of income tax act including other taxes	167.32	107.53	51.70	98.12
I	**Net liability (Higher of G and H)**	168.56	107.53	51.70	98.12
J	Other tax liability	-	0.15	-	-
K	**Total current tax (I+J)**	168.56	107.68	51.70	98.12
L	Impact of Material Adjustments for Restatement in corresponding years	-	-	3.05	-
M	**Total tax liability (K+L)**	168.56	107.68	54.75	98.12
	MAT credit entitlement recognised	-	(107.53)	(51.70)	(98.12)

Annexure XVII
Restated Standalone Statement of Dividend Paid

Particulars	For nine months ended December 31, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)
Dividend on Equity Shares:				
Number of equity shares outstanding**	12,312,776	12,312,766	10,465,851	10,465,851
Dividend paid (₹ in million)	-	-	-	-
Interim dividend (₹ in million)	-	40.25	40.25	32.78
Dividend Distribution tax (₹ in million)	-	4.61	-	-
Rate of Dividend (%)	-	35.00%	35.00%	28.50%
Dividend per Equity Share (₹)**	-	3.50	3.50	2.85
Dividend on Preference shares (0.001% Series "A" Compulsorily Convertible Preference shares)				
Number of Preference shares outstanding	-	-	16,623,365	-
Dividend paid (₹ in million)	-	-	-	-
Interim dividend (₹ in million)	-	-	*	-
Dividend Distribution tax (₹ in million)	-	-	-	-
Rate of Dividend (%)	-		0.001%	
Dividend per Preference Share (₹)	-	-	0.0001	-

* Amount below rounding off norm adopted by the Company
** Above mentioned number of equity shares outstanding and dividend per equity share are without considering impact of shares split.

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Varroc Engineering Limited

ANNEXURE I A

Varroc Engineering Limited
Restated Standalone Statement of Assets and Liabilties

(₹ in Million)

PARTICULARS	Notes / Annexures	As at March 31, 2014	As at March 31, 2013
Equity and Liabilities			
Shareholders' funds			
Share capital	Annexure V A, Note 1	**404.66**	104.66
Reserves and surplus	Annexure V A, Note 2	**8,270.62**	4,978.15
		8,675.28	5,082.81
Non- current liabilities			
Long-term borrowings	Annexure VII A and Annexure VIII A	**3,007.63**	3,634.20
Deferred tax liabilities (net)	Annexure V A, Note 3	**229.20**	218.19
Other Long term liabilities	Annexure IX A	**34.89**	47.11
Long-term provisions	Annexure V A, Note 4	**54.59**	275.03
		3,326.31	4,174.53
Current Liabilities			
Short-term borrowings	Annexure VII A and Annexure VIII A	**491.41**	681.43
Trade payables	Annexure V A, Note 5	**2,440.79**	2,086.05
Other current liabilities	Annexure V A, Note 6	**1,425.85**	1,257.47
Short term provisions	Annexure V A, Note 7	**182.04**	103.47
		4,540.09	4,128.42
Total		**16,541.68**	13,385.76
Assets			
Non-current assets			
Fixed assets			
Tangible assets	Annexure V A, Note 8	**5,431.08**	4,337.55
Intangible assets	Annexure V A, Note 9	**40.24**	46.93
Capital work-in-progress		**2,093.77**	2,570.41
Intangible assets under development		**6.75**	6.01
Non-current investments	Annexure X A	**4,666.64**	2,498.88
Long-term loans and advances	Annexure XII A	**299.24**	107.22
Other non-current assets	Annexure V A, Note 10	**59.91**	1.66
		12,597.63	9,568.66
Current assets			
Current investments	Annexure X A	**375.30**	16.50
Trade receivables	Annexure XI A	**1,505.31**	2,036.55
Inventories	Annexure V A, Note 11	**1,235.08**	1,009.17
Cash and bank balances	Annexure V A, Note 12	**92.42**	112.30
Short-term loans and advances	Annexure XII A	**491.45**	406.37
Other current assets	Annexure V A, Note 13	**244.49**	236.21
		3,944.05	3,817.10
Total		**16,541.68**	13,385.76

The above statement should be read with the Basis of Preparation and Significant Accounting Policies appearing in Annexure IVA, Notes to the Restated Standalone Financial Information appearing in Annexure VA and Statement of Adjustments to Audited Standalone Financial Statements appearing in Annexure VIA.

As per our report of even date

For and on behalf of the Board of Directors

For Price Waterhouse & Co Chartered Accountants LLP
Chartered Accountants
Firm Registration No: 304026E/ E-300009

NARESH CHANDRA
Chairman

TARANG JAIN
Managing Director

GAUTAM KHANDELWAL
Director

AMIT BORKAR
Partner
Membership No : 109846
Place : Pune
Date : March 25, 2018

T.R.SRINIVASAN
Group Chief Financial Officer

RAKESH M.DARJI
Company Secretary

Place : Mumbai
Date : March 25, 2018

Annexure II A

Varroc Engineering Limited

Restated Standalone Statement of Profit and Loss

(₹ in Million)

PARTICULARS	Notes / Annexures	For the year ended March 31, 2014	For the year ended March 31, 2013
Revenue			
Revenue from operations (gross)	Annexure V A Note 14	**14,911.38**	15,476.59
Less: Excise duty		**1,072.00**	1,105.69
Revenue from operations (net)		**13,839.38**	14,370.90
Other income	Annexure XIII A	**118.40**	148.58
Total revenue		**13,957.78**	14,519.48
Expenses			
Cost of materials consumed	Annexure V A, Note 15	**9,126.91**	9,729.40
Purchases of stock-in-trade	Annexure V A Note 14 b(A)	**270.91**	220.23
Changes in inventories of finished goods, work-in progress and stock-in-trade	Annexure V A, Note 16	**(154.27)**	(120.16)
Employee benefits expense	Annexure V A, Note 17	**888.85**	841.17
Finance costs	Annexure V A, Note 18	**466.13**	518.91
Depreciation and amortization	Annexure V A, Note 19	**620.79**	560.66
Other expenses	Annexure V A, Note 20	**2,391.80**	2,083.12
Total		**13,611.12**	13,833.33
Profit before exceptional items and tax		**346.66**	686.15
Less: Exceptional items	Annexure V A, Note 21	**81.69**	-
Profit before tax		**264.97**	686.15
Current Tax (MAT)		**90.28**	140.47
Less:-MAT Credit entitlement		**(106.54)**	35.99
Net current tax		**(16.26)**	176.46
Deferred Tax	Annexure V A, Note 3	**11.01**	(15.48)
Total tax expense		**(5.25)**	160.98
Net Profit as Restated		**270.22**	525.17
Earnings per equity share			
Basic	Annexure V A, Note 22	**2.58**	5.07
Diluted		**2.57**	5.07

The above statement should be read with the Basis of Preparation and Significant Accounting Policies appearing in Annexure IVA, Notes to the Restated Standalone Financial Information appearing in Annexure VA and Statement of Adjustments to Audited Standalone Financial Statements appearing in Annexure VIA.

As per our report of even date

For and on behalf of the Board of Directors

For Price Waterhouse & Co Chartered Accountants LLP
Chartered Accountants
Firm Registration No: 304026E/ E-300009

NARESH CHANDRA
Chairman

TARANG JAIN
Managing Director

GAUTAM KHANDELWAL
Director

AMIT BORKAR
Partner
Membership No : 109846
Place : Pune
Date : March 25, 2018

T.R.SRINIVASAN
Group Chief Financial Office
Place : Mumbai
Date : March 25, 2018

RAKESH M.DARJI
Company Secretary

Annexure III A

Varroc Engineering Limited
Restated Standalone Statement of Cash Flows

(₹ in Million)

Sr. No.	Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
A	**Cash flow from operating activities**				
	Net profit before tax		**264.97**		686.15
	Adjustments for:				
	Depreciation and amortization expense	**620.79**		560.66	
	Exchange gain/ (loss) transferred from reserves and surplus	**10.40**		(1.26)	
	Provision for diminution, other than temporary, in the value of investments (net of write back of ₹ 8 Million)	**148.57**		-	
	Loss on sale of tangible/ intangible assets	**0.42**		0.29	
	Provision for doubtful debts/ advances	**11.36**		2.42	
	Expenses in connection with the issue of shares	**42.27**		-	
	Finance costs	**466.13**		518.91	
	Writeback of Mark to market loss on derivative option contract	**(60.55)**		-	
	Writeback of provision for guarantees in respect of loans taken by subsidiaries	**(48.60)**		-	
	Profit on sale of current investments	**(1.12)**		(3.88)	
	Dividend income	**(6.81)**		(22.39)	
	Interest income	**(30.87)**	**1,151.99**	(50.73)	1,004.02
	Operating profits before working capital changes		**1,416.96**		1,690.17
	Adjustments for changes in:				
	Trade payables	**354.74**		229.56	
	Other payables	**151.64**		6.32	
	Provisions	**(32.67)**		34.00	
	Inventories	**(225.91)**		(56.98)	
	Long term loans and advances	**1.08**		(2.30)	
	Short term loans and advances	**(44.74)**		(2.73)	
	Trade receivables	**519.77**	**723.91**	(410.49)	(202.62)
	Cash generated from operations		**2,140.87**		1,487.55
	Taxes paid		**(124.96)**		(161.45)
	Net cash flow from operating activities		**2,015.91**		1,326.10
B	**Cash flow from investing activities**				
	Dividend received	**6.81**		22.39	
	Loan given to subsidiary (net of amounts repaid)	**(49.74)**		(196.55)	
	Interest received	**43.12**		47.24	
	(Purchase of)/Proceeds from sale of current investments	**(357.61)**		19.60	
	Proceeds from sale of tangible/ intangible assets	**8.62**		21.29	
	Capital subsidy received during the year	**331.69**		277.19	
	Purchase of tangible/ intangible assets	**(1,220.47)**		(1,389.25)	
	Fixed deposits (placed)/ redeemed (net)	**54.42**		(83.70)	
	Proceeds from sale of non current investments	**20.00**		-	
	Purchase of non current investments	**(2,336.24)**		(1,391.95)	
	Net cash used in investing activities		**(3,499.40)**		(2,673.74)
C	**Cash flow from financing activities**				
	Proceeds from issue of shares	**3,000.00**		-	
	Expenses in connection with the issue of shares	**(42.27)**		-	
	Increase/(Decrease) in long term borrowings	**(730.91)**		1,658.85	
	Increase/(Decrease) in short term borrowings	**(190.04)**		(64.56)	
	Dividend paid on equity shares	**(6.80)**		(9.09)	
	Dividend paid on preference Shares	**-**		(13.32)	
	Interest paid	**(507.32)**		(536.87)	
	Net cash flow from financing activities		**1,522.66**		1,035.01
	Net increase (decrease) in cash and cash equivalents		**39.17**		(312.63)
	Opening Cash and cash equivalents		**15.91**		328.54
	Closing Cash and cash equivalents		**55.08**		15.91
	Net increase (decrease) in cash and cash equivalents		**39.17**		(312.63)

Varroc Engineering Limited
Restated Standalone Statement of Cash Flows

(₹ in Million)

	As at March 31, 2014		As at March 31, 2013
Cash and cash equivalents consists of			
Cash in Hand	**0.61**		0.80
Bank Balances			
Current Accounts	**54.47**		15.11
	55.08		15.91

Notes:

1) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements.

2) The above statement should be read with the Basis of Preparation and Significant Accounting Policies, appearing in Annexure IV A, Notes to the Restated Standalone Financial Information appearing in Annexure V A and Statement of Adjustments to Audited Standalone Financial Statements appearing in Annexure VI A.

As per our report of even date

For and on behalf of the Board of Directors

For Price Waterhouse & Co Chartered Accountants LLP
Chartered Accountants
Firm Registration No: 304026E/ E-300009

NARESH CHANDRA
Chairman

TARANG JAIN
Managing Director

GAUTAM KHANDELWAL
Director

AMIT BORKAR
Partner
Membership No : 109846
Place : Pune
Date : March 25, 2018

T.R.SRINIVASAN
Group Chief Financial Officer

RAKESH M.DARJI
Company Secretary

Place : Mumbai
Date : March 25, 2018

1 **General information**

Varroc Engineering Limited (the "Company") is engaged in the business of manufacturing of automobile components. The Company has 9 manufacturing plants, 3 research and development centres and 3 wind power and 1 solar power projects in India and caters to customers both in the domestic and international markets. The Company, its subsidiaries and jointly controlled entities operate from manufacturing plants and Technical and development centres across 3 continents and 10 countries spread across the globe.

2 **Summary of significant accounting policies**

Basis of Accounting

The Restated Standalone Statement of Assets and Liabilities of the Company as at March 31, 2014 and 2013 and the Restated Standalone Statement of Profit and Loss and the Restated Standalone Statement of Cash flows, for the years ended March 31, 2014 and 2013 (together referred as 'Restated Standalone Financial Information') and Other Standalone Financial Information have been extracted by the Management from the Audited Standalone Financial Statements of the Company for the respective years ("Audited Standalone Financial Statements").

The Audited Standalone Financial Statements were prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to circular 15/2013 dated 13.09.2013 read with circular 08/2014 dated 04.04.2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956.

The Restated Standalone Financial Information have been prepared by the management in connection with the proposed listing of equity shares of the Company by way of an initial public offer, which is to be filed by the Company with the Securities and Exchange Board of India ("SEBI"), the Registrar of Companies, Mumbai and the concerned Stock Exchanges in accordance with the requirements of:

a) Section 26 read with applicable provisions within Rules 4 to 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 to the Companies Act, 2013; and

(b) The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by the Securities and Exchange Board of India ("SEBI") on August 26, 2009, as amended from time to time read along with the SEBI circular SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016 (together referred to as the "SEBI Regulations").

These Restated Standalone Financial Information and Other Standalone Financial Information have been extracted by the Management from the Audited Standalone Financial Statements and :

• there were no audit qualifications on these financial statements,
• there were no changes in accounting policies during the years of these financial statements,
• material amounts relating to adjustments for previous years in arriving at profit/loss of the years to which they relate, have been appropriately adjusted,
• adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the Audited Standalone Financial Statements of the Company as at March 31, 2014 and the requirements of the SEBI Regulations, and
• the resultant tax impact on above adjustments has been appropriately adjusted in deferred tax in the respective years and the impact of current tax in respect of short/excess income tax arising out of assessments, appeals, revised income tax returns, etc., has been adjusted in the current tax of respective years to which they relate.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956**.** Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

A) **Fixed assets**

(I) **Tangible assets**

Tangible assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any, except in case of land and buildings which were revalued in 2010.
Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.
Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of Profit and Loss.
Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at are recognised in the Statement of Profit and Loss.

(II) **Intangible assets**

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives. A rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use is considered by the management. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

Depreciation and amortization

(I) Tangible assets

a) Leasehold Land:
Premium on lease hold land is amortized over the period of lease.

b) Other assets
Depreciation is provided on pro rata basis on the straight-line method over the estimated useful life of the asset or at the rates and in the manner prescribed in Schedule XIV, to the Companies Act, 1956, whichever rate is higher.

Details of assets depreciated at higher rates:

Class of assets	Useful life of the Asset (Years)
Computers	5
Vehicles	5
Office equipment	7

Amount of revaluation in respect of revalued assets are depreciated over the residual useful lives of the revalued assets.
Individual assets costing less than ₹ 5,000 are depreciated in full in the year of purchase.

(II) Intangible assets

Amortisation is provided on pro rata basis on the estimated useful life of the asset.
Software and ERP Systems are being amortized over a period of three years.

Leases

Assets acquired under finance lease agreements are capitalized at the inception of lease, at lower of the fair value and present value of minimum lease payments, and a liability is created for an equivalent amount. Lease rentals are allocated between the liability and the interest cost, so as to obtain a periodic rate of interest on the outstanding liability for each period.
Lease rentals in respect of assets taken on operating leases are charged to Statement of Profit and Loss over the lease term on a straight line basis.

Impairment of assets

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

B) **Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

C) **Investments**

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

D) **Inventories**

a) Inventories are stated at lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.
b) Excise duty is not included in the value of inventory wherever CENVAT is availed.
c) Finished Goods stocks are valued inclusive of excise duty.

E) **Government grants**

The Company is entitled to various incentives from State Government. Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of shareholders' funds.

Government Grants are recognised when the following conditions are satisfied:

- There is a reasonable assurance that the Company will comply with the condition attached to it.
- Such benefits are earned and reasonable certainty exists of the collection.

An assessment is done at each balance sheet date of the recoverability of the amount of grant recognized, any excess of the carrying amount over the recoverable amount is reduced from the capital reserve.

F) **Revenue Recognition**

Sale of goods: Sales are recognised when the substantial risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract and are recognised net of trade discounts, rebates, sales taxes and excise duties.

Revenue from Management fees are accrued when the services are rendered in accordance with the agreements with the respective group companies

Income from the wind power generation is recognised when earned on the basis of contractual arrangements with the buyers.

G) **Other Income**

Interest: Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Income from duty drawback and export incentives is recognised on an accrual basis.
Rent income is recognised on accrual basis when earned in accordance with the terms of the agreement.
Dividend: Dividend income is recognised when the right to receive dividend is established.

H) **Foreign currency translation**

Initial recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period. With respect to long-term foreign currency monetary items, from April 1, 2011 onwards, the Company has adopted the following policy:

- Foreign exchange difference on account of a depreciable asset, is adjusted in the cost of the depreciable asset, which would be depreciated over the balance life of the asset.
- In other cases, the foreign exchange difference is accumulated in a Foreign Currency Monetary Item Translation Difference Account, and amortised over the balance period of such long term asset/ liability.

A monetary asset or liability is termed as a long-term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of 12 months or more at the date of origination of the asset or liability.
Exchange differences on restatement of all other monetary items are recognised in the Statement of Profit and Loss.

Derivative Contracts

Forward contracts: The premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset/ liability, is amortised as expense or income over the life of contract. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward contracts are recognised as income or expense for the period.
Forward exchange contracts outstanding as at the year end on account of firm commitment/ highly probable forecast transactions and other derivative contracts outstanding as at the year end are marked to market and the losses, if any, are recognised in the Statement of Profit and Loss and gains are ignored in accordance with Announcement of Institute of Chartered Accountants of India on 'Accounting for Derivatives' issued in March 2008.

I) **Retirement Benefits**

a) Provident Fund: Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

b) Gratuity: The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

c) Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

J) **Current and deferred tax**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the year. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum Alternative Tax credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period.

Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

K) **Provisions and Contingent Liabilities**

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

L) **Cash and Cash equivalents**

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

M) **Earnings Per Share**

Basic earnings per share is 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. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity 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 is adjusted for the effects of all dilutive potential equity shares.

1 **Share capital** ***(₹ in Million)***

Particulars	As at March 31, 2014	As at March 31, 2013
Authorized		
11,000,000 (previous year : 11,000,000) equity shares of ₹ 10 each.	**110.00**	110.00
31,000,000 (previous year : 20,000,000) preference shares of ₹ 10 each.	**310.00**	200.00
	420.00	**310.00**
Issued, subscribed and paid-up		
10,465,851 (previous year : 10,465,849) equity shares of ₹ 10 each fully paid-up.	**104.66**	104.66
29,999,980 (Previous Year : Nil) 0.001% Compulsorily convertible preference shares of ₹ 10 each, fully paid up.	**300.00**	-
	404.66	**104.66**

a) Reconciliation of the shares outstanding at the beginning and at the end of the year

Equity shares	**Nos**	**(₹ in Million)**	Nos	(₹ in Million)
Balance as at the beginning of the year	**10,465,849**	**104.66**	10,077,500	100.78
Add: Issued/converted during the year (refer note b (i) below)	**2**	*****	388,349	3.88
Balance as at the end of the year	**10,465,851**	**104.66**	10,465,849	104.66
Preference shares				
Balance as at the beginning of the year	-	-	20,000,000	200.00
Converted into equity shares during the year			20,000,000	200.00
0.001% Series "A" Compulsorily convertible preference shares issued during the year (refer note b (ii) below)	**29,999,980**	**300.00**	-	-
Balance as at the end of the year	29,999,980	300.00	-	-

Note:

a) During the year ended March 31, 2013, pursuant to a special resolution passed in the extraordinary general meeting dated March 4, 2013, 20,000,000 7% Cumulative redeemable optionally convertible preference shares of ₹ 10 each were converted into 388,349 equity shares of ₹ 10 each at a premium of ₹ 505 per share.

* Amount below rounding off norm adopted by the Company.

b) Rights, preferences and restrictions attached to shares

i) Equity shares:

During the year ended March 31, 2014 , the Company has issued and allotted 2 equity shares having face value of ₹ 10 each at a premium of ₹ 990 per equity share to Omega TC Holdings Pte. Ltd. and TATA Capital Financial Services Limited (collectively referred to as "PE Investors"). The new Equity Shares rank pari-passu with the existing equity shares.

Until all the Series A CCPS (refer note ii below) are converted into Equity Shares, the said PE Investors shall be entitled to vote at each meeting of the holders of Equity Shares of the Company to the extent of 9% (nine percent) of the Equity Share Capital on a Fully Diluted Basis. The remaining 91% voting rights are with other equity shareholders of the Company in proportion to the number of shares held by them. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

ii) Series A Compulsorily convertible preference shares (Series A CCPS) : During the year ended March 31, 2014, the Company has issued and allotted 29,999,980 number of 0.001% Series A CCPS having face value of ₹ 10 each at a premium of ₹ 90 per share. The said Series A CCPS shall be cumulative, mandatorily and fully convertible preference shares.

The holder of each Series A CCPS shall be entitled to preferential dividend at the rate of 0.001% per year. The amount of dividend accrued on each Series A CCPS during a financial year will be distributed by the Company to the Investors by way of preferential dividend on April 1st of the subsequent financial year. However for the Financial Year ended on 31-03-2014, Series A CCPS shall not be entitled to receive any pro-rata preferential dividend from the date of allotment.Series A CCPS shall be converted into fully paid Equity Shares using the conversion variables to be determined in accordance with the terms of the Subscription Agreement and Shareholders Agreement. On conversion of the Series A CCPS into Equity Shares, the holders of the Series A CCPS shall be issued fully paid up Equity Shares without any additional consideration.

The Series A CCPS can be converted into equity shares any time after September 30, 2016 in terms of the provisions of the agreements entered into with PE Investors

c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	March 31, 2014		March 31, 2013	
Equity shares	**% of Shareholding**	**Number of Shares**	**% of Shareholding**	**Number of Shares**
Mr. Tarang Jain	***57.05%***	**5,970,500**	*57.05%*	5,970,500
Mrs. Suman Jain	***11.53%***	**1,207,000**	*11.53%*	1,207,000
Mr. Naresh Chandra	***11.19%***	**1,171,600**	*11.19%*	1,171,600
M/s Varroc Polymers Private Limited	***8.14%***	**852,349**	*8.14%*	852,349
Mr. Tarang Jain & Rochna Jain	***7.79%***	**814,900**	*7.79%*	814,900
Preference shares				
Omega TC Holdings Pte. Ltd.	***91.60%***	**27,478,973**	-	-
Tata Capital Financial Services Limited	***8.40%***	**2,521,007**	-	-

d) Aggregate number of bonus shares issued during the five years immediately preceeding March 31, 2014

	No. of Shares
Equity shares allotted as fully paid up bonus shares by capitalisation of profits transferred from Securities premium and General reserve during the ended 31.03.2011. There are no other bonus shares issued during the last five years.	97,30,000

2 **Reserves and Surplus** *(₹ in Million)*

Particulars	As at March 31, 2014	As at March 31, 2013
Securities Premium		
Balance as at the beginning of the year	**965.72**	-
Additions during the year (refer note 1(a/b))	**2,700.00**	196.12
Transfer from Business Reconstruction Reserve Account (refer note 36(b))	**-**	769.60
Balance as at the end of the year	**3,665.72**	**965.72**
Business Reconstruction Reserve Account		
Balance as at the beginning of the year	**-**	1,146.44
Less:- Utilization during year [refer note 36(a))]	**-**	376.84
Less:- Transfer to Securities Premium account (refer note 36 (b))	**-**	769.60
Balance as at the end of the year	**-**	-
General Reserve		
Balance as at the beginning and end of the year	**1,443.67**	1,443.67
Foreign currency translation reserve		
Balance as at the beginning and end of the year	**42.86**	42.86
Foreign currency monetary item translation difference account		
Balance as at the beginning of the year	**11.90**	-
Add:- Exchange gain/(loss) on long term foreign currency monetary items	**(77.81)**	13.16
Less:- Amortised during the year	**10.40**	(1.26)
Balance as at the end of the year	**(55.51)**	**11.90**
Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the year	**2,500.50**	1,997.75
Add: Profit for the year	**270.22**	525.17
Less: Appropriations		
Interim dividend on equity shares	**6.80**	9.09
Dividend distribution tax on interim dividend on equity shares	*****	-
Interim dividend on Preference shares	**-**	13.33
Dividend on Series "A" Compulsorily convertible preference shares	*****	-
Total appropriation	**6.80**	**22.42**
Balance as at the end of the year	**2,763.92**	**2,500.50**
Capital Subsidy		
Balance as at the beginning of the year	**13.50**	13.50
Add:- Received during the year (refer note 34)	**100.27**	-
Add:- Recognition of subsidy receivable under the packaged scheme of incentives from Government of Maharashtra. (refer note 34)	**296.19**	-
Balance as at the end of the year	**409.96**	**13.50**
Total	**8,270.62**	**4,978.15**

* Amount below rounding off norm adopted by the Company.

3 **Deferred tax liabilities (net)** *(₹ in Million)*

Particulars	As at March 31, 2014	As at March 31, 2013
Deferred tax liabilities		
Depreciation and amortization	277.95	244.97
Others	15.03	27.38
	292.98	**272.35**
Deferred tax assets		
Expenses allowable under Income Tax on payment basis	21.79	30.78
Provision for doubtful debts and advances	33.48	23.38
Unabsorbed tax depreciation	8.51	-
	63.78	**54.16**
Total	**229.20**	**218.19**

Note :
Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation laws.

4 **Long-term provisions** *(₹ in Million)*

Particulars	As at March 31, 2014	As at March 31, 2013
Provision for mark to market loss on derivative contracts (options)	**28.12**	88.67
Provision for guarantees given in respect of loans taken by subsidiaries	**-**	160.52
Provision for employee benefits		
Compensated absences	**26.47**	25.84
Total	**54.59**	**275.03**

5 **Trade payables** ***(₹ in Million)***

Particulars	As at March 31, 2014	As at March 31, 2013
Trade payables (refer note 33)	**2,169.29**	1,887.17
Acceptances	**271.50**	198.88
	2,440.79	2,086.05

6 **Other current liabilities** ***(₹ in Million)***

Particulars	As at March 31, 2014	As at March 31, 2013
Current maturities of long term debts (refer Annexure VII A)		
Term loans		
From banks		
Rupee loans	**265.81**	153.46
Foreign currency loans	**156.39**	133.30
From financial Institutions	**392.22**	296.38
	814.42	583.14
Buyers credit (Capital nature)	**113.05**	375.79
Deferred sales tax loan	**23.38**	18.37
Interest accrued but not due on borrowings	**31.92**	35.63
Interest accrued and due on borrowings	**0.02**	*
Advances from customers	**86.70**	5.90
Credit balances in trade receivables	**9.90**	25.42
Payables for capital goods	**131.69**	82.02
Employees benefits payable	**80.61**	28.73
Statutory dues (including providend fund and tax deduced at source)	**53.22**	48.44
Other payables	**80.94**	54.03
Total	**1,425.85**	1,257.47

* Amount below rounding off norm adopted by the Company.

7 **Short-term provisions** ***(₹ in Million)***

Particulars	As at March 31, 2014	As at March 31, 2013
Provision for guarantees given in respect of loans taken by subsidiaries	**161.31**	49.39
Provision for employee benefits		
Gratuity (refer note 28)	**1.42**	33.57
Compensated absences	**4.61**	5.81
Other provisions		
Provision for warranties*	**14.27**	14.27
Provision for Schemes & Discounts payable**	**-**	-
Provision for current tax	**-**	-
Provision for wealth tax	**0.43**	0.43
Total	**182.04**	103.47

* Provision for warranties :- The Company provides warranties on applicable products, for their satisfactory performance during the warranty period as per the contracts with buyers. Provision for warranty claims arising out of such obligation is made based on such warranty period. The company expects the resulting outflow of economic benefits within a period of one year.

Provision for guarantees given represents the liability likely to devolve on the Company for the guarantees given for loans taken by the subsidiaries.

	Warranties		**Provision for guarantees given in respect of loan taken by subsidiaries**	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
Balance as at the beginning of the year	**14.27**	14.27	**209.91**	-
Additions	**13.54**	18.10	**-**	209.91
Utilization/Reversed during the year	**13.54**	18.10	**48.60**	-
Balance as at the end of the year	**14.27**	14.27	**161.31**	209.91
Current portion	**14.27**	14.27	**161.31**	49.39
Non - current portion	-	-	-	160.52

8 Tangible assets

(₹ in Million)

Asset Type	Gross block *				Depreciation/Amortisation				Net block
	As on April 1, 2013	Addition	Deduction	As on March 31, 2014	Up to March 31, 2013	For the year	on Deduction	Up to March 31, 2014	As on March 31, 2014
Freehold land	45.80	19.13	-	64.93	-	-	-	-	64.93
Leasehold land	430.80	-	-	430.80	26.42	5.10	-	31.52	399.28
Factory buildings	1,539.36	168.17	3.11	1,704.42	237.00	61.08	3.11	294.97	1,409.45
Office buildings	134.11	505.07	0.21	638.97	11.26	5.32	0.21	16.37	622.60
Plant and machinery	3,776.40	715.06	40.88	4,450.58	1,979.49	351.31	37.13	2,293.67	2,156.91
Factory equipments	477.23	69.06	13.68	532.61	212.01	60.30	13.30	259.01	273.60
Electrical installations	113.60	5.72	-	119.32	31.16	7.57	-	38.73	80.59
Computers	117.76	15.47	2.92	130.31	63.58	16.35	2.90	77.03	53.28
Mould and dies	238.87	45.51	0.21	284.17	104.87	48.55	0.13	153.29	130.88
Electrical fittings	34.02	29.10	0.11	63.01	11.32	6.18	0.11	17.39	45.62
Vehicles	71.63	7.03	10.52	68.14	26.55	13.61	6.00	34.16	33.98
Furniture fixtures	50.49	89.16	0.54	139.11	24.05	10.58	0.49	34.14	104.97
Office equipments	32.32	23.45	1.35	54.42	15.39	5.29	1.21	19.47	34.95
Tools and instruments	26.53	10.66	-	37.19	8.26	8.89	-	17.15	20.04
Total	**7,088.92**	**1,702.59**	**73.53**	**8,717.98**	**2,751.36**	**600.13**	**64.59**	**3,286.90**	**5,431.08**

Notes:

Building in gross block includes premises on ownership basis in a Co-Operative Society ₹ 6.3 million, including cost of shares therein ₹125/-.

*Gross Block is at cost, except for certain land and buildings which are at revalued amount. The Company had done an upward revaluation of its Land and building of ₹ 1421.8 million based on fair market value as per the report by a registered valuer effective from January 1, 2010. Revalued net block as on 31.03.2014 is ₹1143.8 million (previous year ₹ 1029.0 million) and is included in the above schedule. Consequent to the revaluation, there is an additional depreciation of ₹ 32.2 million (Previous year ₹ 29.1 million).

8 Tangible assets

(₹ in Million)

	Gross Block *				Depreciation/Amortisation				Net Block
Asset Class	**As on April 1, 2012**	**Addition**	**Deduction**	**As on March 31, 2013**	**Up to March 31, 2012**	**For the year**	**on Deduction**	**Up to March 31, 2013**	**As on March 31, 2013**
Freehold Land	45.80	-	-	45.80	-	-	-	-	45.80
Leasehold Land	427.50	3.30	-	430.80	21.35	5.07	-	26.42	404.38
Factory Building	1,530.47	8.89	-	1,539.36	185.83	51.17	-	237.00	1,302.36
Office Building	122.60	11.51	-	134.11	9.17	2.09	-	11.26	122.85
Plant & Machinery	3,602.27	205.74	31.61	3,776.40	1,650.14	344.92	15.57	1,979.49	1,796.91
Factory Equipment	406.00	83.07	11.84	477.23	169.45	53.62	11.06	212.01	265.22
Electrical Installation	113.84	2.75	2.99	113.60	27.08	5.40	1.32	31.16	82.44
Computer	76.75	42.96	1.95	117.76	51.62	13.91	1.95	63.58	54.18
Mould & Dies	178.92	68.96	9.01	238.87	68.00	44.61	7.74	104.87	134.00
Electrical Fittings	29.09	5.59	0.66	34.02	10.36	1.62	0.66	11.32	22.70
Vehicles	67.73	9.37	5.47	71.63	18.50	11.82	3.77	26.55	45.08
Furniture Fixtures	44.71	7.68	1.90	50.49	22.61	3.31	1.87	24.05	26.43
Office Equipments	25.21	8.45	1.34	32.32	13.04	3.53	1.18	15.39	16.93
Tools & Instruments	23.93	8.41	5.81	26.53	7.64	6.42	5.80	8.26	18.27
Total	**6,694.82**	**466.68**	**72.58**	**7,088.92**	**2,254.79**	**547.49**	**50.92**	**2,751.36**	**4,337.55**

9 Intangible assets

(₹ in Million)

Asset Type	Gross block				Depreciation/Amortisation				Net block
	As on April 1, 2013	Addition	Deduction	As on March 31, 2014	Up to March 31, 2013	For the year	On Deduction	Up to March 31,2014	As on March 31, 2014
Software	126.31	13.97	-	140.28	79.38	20.66	-	100.04	40.24
Technical knowhow	28.72	-	-	28.72	28.72	-	-	28.72	-
Corporate logo	0.15	-	-	0.15	0.15	-	-	0.15	-
Total	**155.18**	**13.97**	**-**	**169.15**	**108.25**	**20.66**	**-**	**128.91**	**40.24**

(₹ in Million)

Asset Type	Gross block				Depreciation/Amortisation				Net block
	As on April 1, 2012	Addition	Deduction	As on March 31, 2013	Up to March 31, 2012	For the year	On Deduction	Up to March 31, 2013	As on March 31, 2013
Software	83.00	43.31	-	126.31	67.25	12.13	-	79.38	46.93
Technical knowhow	28.72	-	-	28.72	27.68	1.04	-	28.72	-
Corporate logo	0.15	-	-	0.15	0.15	-	-	0.15	-
Total	**111.87**	**43.31**	**-**	**155.18**	**95.08**	**13.17**	**-**	**108.25**	**46.93**

10 **Other non-current assets** *(₹ in Million)*

Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good (unless otherwise stated)		
Long term deposits with maturity more than 12 months	**6.35**	1.66
Incentive receivable under packaged scheme of incentives (refer note 34)	**53.56**	-
Total	**59.91**	1.66
[Lodged with the bankers for issuing letter of credit ₹ 6.35 million (previous year ₹ 1.66 million)]		
* Amount below rounding off norm adopted by the Company.		

11 **Inventories** *(₹ in Million)*

Particulars	As at March 31, 2014	As at March 31, 2013
Raw materials	**311.98**	300.59
Raw materials in transit	**39.71**	9.89
Work-in-progress	**411.79**	331.01
Finished goods	**19.79**	12.68
Finished goods in transit	**157.35**	113.42
Stock-in-trade	**62.47**	35.30
Stock-in-trade in transit	**0.81**	5.53
Stores and spares	**114.51**	109.11
Loose tools	**105.09**	84.40
Packing materials	**11.58**	7.24
Total	**1,235.08**	1,009.17

12 **Cash and bank balances** *(₹ in Million)*

Particulars	As at March 31, 2014	As at March 31, 2013
Cash and cash equivalents		
Cash in hand	**0.61**	0.80
Bank balances		
Current accounts	**54.47**	15.11
Other bank balances		
Term deposits with maturity more than 3 months but less than 12 months	**37.34**	96.39
Total	**92.42**	112.30
[Lodged with the bankers for issuing letter of credit ₹ 37.34 million (previous year ₹ 96.39 million)]		

13 **Other current assets** *(₹ in Million)*

Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured considered good (unless otherwise stated)		
Interest accrued on fixed deposits with banks	**1.88**	4.79
Incentive receivable under packaged scheme of incentives (refer note 34)	**242.61**	231.42
Total	**244.49**	236.21

14 **Revenue from operations** *(₹ in Million)*

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Sale of products		
Finished goods	**14,407.38**	15,053.60
Stock-in-trade	**326.39**	261.79
Other operating revenue		
Wind power generation	**52.59**	58.37
Solar power generation	**1.24**	-
Job work receipts	**1.59**	5.61
Scrap sales	**27.53**	23.39
Management consultancy fees	**67.28**	59.41
Sale of REC certificates	**5.08**	4.13
Export incentives	**22.30**	10.29
Revenue from operation (Gross)	**14,911.38**	15,476.59

(a) (i) Quantitative Details- Manufacturing Activity

(Figures in bracket are for previous year)

Class of goods	U.M	Installed Capacity*	Actual production 2013-14
			Own Mfg
Magneto	Nos	**6,423,500**	**4,081,014**
		(6,423,500)	(3,687,841)
Steel forged product	M.T.	**21,815.58**	**7,470.91**
		(21,815.58)	(6,680.89)
Assemblies	Nos	**8,152,800**	**9,733,086**
		(8,152,800)	(8,492,827)
Plastic moulded goods	M.T.	**7,021.00**	2,508.27
		(7,021.00)	(3,238.46)
Lamps	Nos	**18,415,000**	**9,121,113**
		(18,415,000)	(8,151,467)
Capacitor discharge ignitions	Nos	**4,205,136**	**2,984,181**
		(4,205,136)	(3,167,121)
Starter motor assemblies	Nos	**1,560,000**	**1,774,688**
		(1,560,000)	(1,491,381)
Handle Bar assembly	Nos	**1,200,000**	**837,606**
		(1,200,000)	(976,948)
Dash board	Nos	**1,000,000**	**642,951**
		(1,000,000)	(592,433)
Regulator rectifier	Nos	**4,205,136**	**2,923,396**
		(4,205,136)	(3,072,998)
Inlet Valve	Nos	**6,000,000**	**4,312,634**
		(6,000,000)	(3,234,792)
Exhaust Valve	Nos	**6,317,149**	**4,221,790**
		(6,317,149)	(3,134,376)
Automobile seat assembly	Nos	**1,979,120**	932,505
		(1,979,120)	(1,115,659)
Air filter	Nos	**1,925,485**	**932,796**
		(1,925,485)	(1,141,286)
Crankpin	Nos	**1,800,000**	**1,627,310**
		(1,800,000)	(1,622,135)
Mirror assembly	Nos	**3,850,971**	**1,288,082**
		(3,850,971)	(1,290,080)
Switches	Nos	**1,200,000**	**586,858**
		(1,200,000)	(184,482)
Wiper motor assembly	Nos	**790,000**	**95,315**
		(790,000)	(16,303)
Radiator Fan Controller	Nos	-	3,016
		-	-

*Installed capacity is as certified by the Management and relied upon by the auditors, this being a technical matter.

(a) (ii) Quantative Details- Sales (Gross of excise duty)

Class of goods	U.M.	QTY March 31, 2014	(₹ in Million)	QTY March 31, 2013	(₹ in Million)
Magneto	Nos	4,077,520	2,675.68	3,688,554	2,869.51
Steel forged product	M.T.	7,439.113	2,551.93	6,548.951	2,345.02
Assemblies	Nos	9,686,962	1,070.68	8,722,590	1,753.51
Plastic moulded goods	M.T.	2,508.308	1,013.91	3,241.072	1,303.21
Lamps	Nos	9,116,623	1,359.54	8,191,002	1,204.01
Capacitor discharge ignitions	Nos	2,948,696	958.69	3,163,084	1,018.16
Starter motor assemblies	Nos	1,764,069	1,096.08	1,486,444	965.02
Handle Bar assembly	Nos	837,606	597.07	976,948	690.45
Dash board	Nos	644,778	679.74	591,030	592.16
Regulator rectifier	Nos	2,912,264	559.53	3,064,730	576.97
Inlet Valve	Nos	3,910,626	273.83	3,413,336	249.33
Exhaust Valve	Nos	4,024,896	485.69	3,278,257	350.00
Automobile seat assembly	Nos	932,505	452.03	1,115,665	483.40
Air filter	Nos	932,796	280.86	1,141,286	332.45
Crankpin	Nos	1,629,560	178.88	1,617,635	180.76
Mirror assembly	Nos	1,288,082	108.13	1,290,080	121.86
Switches	Nos	586,858	38.41	184,482	12.06
Wiper motor assembly	Nos	95,519	26.13	16,207	5.72
Radiator Fan Controller	Nos	2,896	0.57	-	
Total			**14,407.38**		**15,053.60**

(a) (iii) Quantative Details- Stock of Finished goods

OPENING STOCK

Class of goods	U.M.	QTY March 31, 2014	(₹ in Million)	QTY March 31, 2013	(₹ in Million)
Magneto	Nos	3,291	2.21	6,524	1.97
Steel forged product	M.T.	-	-	4.240	0.06
Plastic moulded goods	M.T.	0.034	*	2.650	0.85
Capacitor discharge ignitions	Nos	10,284	2.43	19,918	4.51
Starter motor assemblies	Nos	1,741	0.74	3,218	1.57
Dash board	Nos	3,302	1.40	1,899	0.49
Regulator rectifier	Nos	8,645	1.45	14,078	2.03
Inlet Valve	Nos	57,160	3.24	9,432	0.47
Exhaust Valve	Nos	16,480	1.02	11,561	0.73
Automobile seat assembly	Nos	-	-	6	*
Lamps	Nos	3,109	0.11	16,663	0.66
Wiper motor assembly	Nos	204	0.08	108.00	*
Total			12.68		13.34

* Amount below rounding off norm adopted by the Company

CLOSING STOCK

Class of goods	U.M.	QTY March 31, 2014	(₹ in Million)	QTY March 31, 2013	(₹ in Million)
Magneto	Nos	5,546	3.03	3,291	2.21
Plastic moulded goods	M.T.	-	-	0.034	*
Lamps	Nos	16,720	1.15	-	-
Capacitor discharge ignitions	Nos	34,622	9.33	10,284	2.43
Starter motor assemblies	Nos	5,960	3.13	1,741	0.74
Dash board	Nos	892	0.17	3,302	1.40
Regulator rectifier	Nos	15,455	2.87	8,645	1.45
Inlet Valve	Nos	-	-	57,160	3.22
Exhaust Valve	Nos	-	-	16,480	1.03
Tail Lamps	Nos	3,109	0.11	3,109	0.12
Wiper motor assembly	Nos	-	-	204	0.08
Radiator Fan Controller	Nos	120	*	-	-
Total			19.79		12.68

* Amount below rounding off norm adopted by the Company

OPENING STOCK - Goods in Transit

Class of goods	U.M.	QTY March 31, 2014	(₹ in Million)	QTY March 31, 2013	(₹ in Million)
Magneto	Nos	2,520	0.96	-	-
Steel forged product	M.T.	210.490	44.45	74.311	20.45
Assemblies	Nos	-	-	229,763	11.93
Lamps	Nos	28,560	1.84	81,649	3.60
Capacitor discharge ignitions	Nos	13,671	2.56	-	-
Starter motor assemblies	Nos	6,414	4.16	-	-
Crank Pin	Nos	4,500	0.28	-	-
Regulator rectifier	Nos	13,701	2.11	-	-
Inlet Valve	Nos	615,456	24.50	841,728	29.61
Exhaust Valve	Nos	537,144	32.56	685,944	38.33
Total			113.42		103.92

CLOSING STOCK - Goods in Transit

Class of goods	U.M.	QTY March 31, 2014	(₹ in Million)	QTY March 31, 2013	(₹ in Million)
Magneto	Nos	3,759	1.22	2,520	0.96
Steel forged product	M.T.	242.290	41.12	210.490	44.45
Assemblies	Nos	46,124	2.74	-	
Lamps	Nos	16,330	2.88	28,560	1.84
Capacitor discharge ignitions	Nos	24,818	5.05	13,671	2.56
Starter motor assemblies	Nos	12,814	6.24	6,414	4.16
Crank Pin	Nos	2,250	0.12	4,500	0.28
Dash board	Nos	583	0.11	-	
Regulator rectifier	Nos	18,023	2.56	13,701	2.11
Inlet Valve	Nos	1,074,624	45.38	615,456	24.50
Exhaust Valve	Nos	750,518	49.92	537,144	32.56
Total			157.34		113.42

(b) Quantative Details-Trading Activity

A) Purchases

Class of goods	U.M.	QTY March 31, 2014	(₹ in Million)	QTY March 31, 2013	(₹ in Million)
Polymer Items	Nos	3,576,922	66.81	3,818,357	41.54
Electrical Items	Nos	3,065,596	123.28	3,274,988	81.14
Metallic Items	Nos	1,688,225	80.82	1,916,747	97.55
			270.91		220.23

B) Sales

Class of goods	U.M.	QTY March 31, 2014	(₹ in Million)	QTY March 31, 2013	(₹ in Million)
Polymer Items	Nos	3,376,543	74.56	3,728,805	51.45
Electrical Items	Nos	2,665,130	141.48	2,922,267	99.08
Metallic Items	Nos	1,734,205	110.33	1,755,184	111.26
			326.37		261.79

C) Stock

Opening Stock

Class of goods	U.M.	QTY March 31, 2014	(₹ in Million)	QTY March 31, 2013	(₹ in Million)
Polymer Items	Nos	196,484	5.74	106,932	2.13
Electrical Items	Nos	637,095	16.69	284,374	3.71
Metallic Items	Nos	206,413	12.87	44,850	4.19
			35.30		10.03

Closing Stock

Class of goods	U.M.	QTY March 31, 2014	(₹ in Million)	QTY March 31, 2013	(₹ in Million)
Polymer Items	Nos	396,863	15.36	196,484	5.74
Electrical Items	Nos	1,037,561	39.12	637,095	16.69
Metallic Items	Nos	160,433	7.99	206,413	12.87
			62.47		35.30

15 **Cost of materials consumed**

(₹ in Million)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Raw materials consumed		
Opening stock	**310.48**	372.18
Add: Purchases	**9,168.12**	9,667.70
	9,478.60	10,039.88
Less: Closing stock	**351.69**	310.48
Total	**9,126.91**	9,729.40

16 **Changes in inventory of finished goods , work in progress and stock-in trade**

(₹ in Million)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
(Increase)/ decrease in stocks		
Stock at the year end		
Finished goods	**177.14**	126.10
Work-in-progress	**411.79**	331.01
Stock-in-trade	**63.28**	40.83
Total (A)	**652.21**	497.94
Less: Stock at the beginning of the year		
Finished goods	**126.10**	117.24
Work-in-progress	**331.01**	246.76
Stock-in-trade	**40.83**	13.78
Total (B)	**497.94**	377.78
Net impact of (Increase)/decrease in inventories (B-A)	**(154.27)**	(120.16)

a) Details of consumption

i) Details of raw materials consumed

Steel /Alloy steel	1,379.55	1,182.72
Ferrous (FWM)	1,926.53	1,917.41
Electronic components	1,131.20	1,173.65
Others	4,689.63	5,455.62
	9,126.91	9,729.40

ii) Value of imported and indigenous materials consumed	%	(₹ in Million)	%	(₹ in Million)
Imported	**8.51%**	**777.03**	7.76%	754.57
Indigenous	**91.49%**	**8,349.88**	92.24%	8,974.83
	100.00%	**9,126.91**	**100.00%**	9,729.40

Note : Consumption figures exclude consumption on account of inter-unit transfers.

17 **Employee benefits expense**

(₹ in Million)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Salaries, wages and bonus	**757.87**	703.63
Contribution to Provident and other funds (refer note 28)	**57.68**	56.40
Gratuity (Refer Note 28)	**(0.41)**	33.56
Staff welfare expense	**73.71**	47.58
Total	**888.85**	841.17

18 **Finance costs**

(₹ in Million)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest on borrowings [net of borrowing cost captalised ₹37.5 million (previous year ₹ 69.1 million)]	**450.40**	497.04
Other borrowing costs	**15.73**	21.87
Total	**466.13**	518.91

19 **Depreciation and amortization**

(₹ in Million)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Depreciation on tangible assets	**600.13**	547.49
Amortization on intangible assets	**20.66**	13.17
Total	**620.79**	560.66

20 **Other expenses** *(₹ in Million)*

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Consumption of stores and spares [refer note 20(a)]	**232.05**	219.81
Consumption of loose tools	**125.43**	83.38
Consumption of packing material	**91.30**	83.68
Labour charges /Sub-contracting expenses	**572.55**	588.01
Power and fuel	**372.80**	380.81
Freight outward	**165.75**	130.31
Rent (refer note 35)	**10.65**	7.30
Rates and taxes	**8.17**	7.51
Insurance	**10.99**	13.71
Repairs and maintenance	**-**	-
Plant and machineries	**60.23**	50.60
Buildings	**15.28**	11.21
Others	**90.32**	77.56
Travelling and conveyance	**92.91**	88.31
Legal and professional fees	**125.15**	50.71
Directors' sitting fees and travelling expenses	**7.28**	4.90
Payment to auditor (refer note 20(d))	**12.47**	3.01
Warranty	**13.53**	18.09
Provision for doubtful debts and advances	**11.36**	2.40
Loss on sale of fixed assets (net)	**0.42**	0.30
Exchange Loss (net of captalised ₹ 6 million(previous year ₹Nil))	**54.42**	-
Royalty	**0.90**	0.90
Guarantee commission paid	**6.60**	5.70
Donations and charity	**7.01**	1.30
Discounts and turnover bonus	**35.89**	25.60
Advertising and sales promotion	**48.34**	44.11
Research and development expenses (refer note 20(b))	**120.15**	97.81
Miscellaneous expenses	**99.85**	86.09
Total	**2,391.80**	2,083.12

a] Value of imported and indigenous stores and spares consumed

	%	(₹ in Million)	%	(₹ in Million)
Imported	**2.62%**	**6.03**	**2.15%**	4.70
Indigenous	**97.38%**	**226.02**	**97.85%**	215.11
	100.00%	**232.05**	**100%**	**219.81**

b] Details of research and development expenses incurred during the year, debited under various heads of statement of Profit and Loss is given below:

Particulars		
Consumption of raw materials, stores and spares	**12.42**	5.40
Power and fuel	**2.85**	1.37
Repairs and maintenance	**6.70**	5.12
Personnel costs	**79.45**	79.74
Others	**18.73**	6.18
Subtotal	120.15	97.81
Depreciation	**13.18**	11.40
Total	133.33	109.21

c] Details of capital expenditure incurred for Research and Development are given below:

Particulars		
Plant and machinery	**7.67**	14.47
Factory equipments and electrical installations	**2.17**	2.88
Office equipments	**0.53**	0.80
Tools and equipments	**1.22**	0.04
Furniture and electrical fittings	**0.26**	2.54
Vehicles	**-**	3.27
Computers and software	**3.87**	7.06
Total	15.72	31.06

* Amount below rounding off norm adopted by the Company

d] Details of payment to auditor

Audit fee	**2.27**	2.28
Tax audit fee	**0.30**	0.30
Certifications	**0.10**	0.37
Others	**9.50**	-
Reimbursement of expenses	**0.30**	0.06
	12.47	3.01

21 **Exceptional items:**

(₹ in Million)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Provision for diminution, other than temporary, in the value of investments (net of write back of ₹ 8.00 million)	**148.57**	-
Expenses in connection with the issue of shares [refer note 1 (b)]	**42.27**	-
Less: Writeback of Mark to market loss on derivative option contract (refer note 36)	**(60.55)**	-
Less: Writeback of provision for guarantees in respect of loans taken by subsidiaries (refer note 36)	**(48.60)**	-
Total	**81.69**	-

22 **Earnings per share (EPS)**

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Basic		
Profit after tax as restated (₹ in Million)	**270.22**	525.17
Less : Dividend on preference shares Compulsorily convertible preference shares	*	-
Less : Dividend on preference shares 7% cumulative preference shares	-	13.33
Profit attributable to equity shareholders (₹ in million)	**270.22**	**511.84**
Weighted average number of shares outstanding (without considering impact of shares split)	**10,465,849**	10,095,587
Weighted average number of shares outstanding (after considering impact of shares split) (Refer note below)	**104,658,490**	100,955,870
Basic EPS (Amount in ₹)	**2.58**	5.07
Diluted		
Profit attributable to equity shareholders (₹ in million)	**270.22**	511.84
Add: Dividend on Compulsorily convertible preference shares	*	-
Profit attributable to equity shareholders (₹ in million)	**270.22**	**511.84**
Weighted average number of shares outstanding	**10,465,849**	10,095,587
Add: Weighted number of shares of potential equity shares on account of Compulsorily convertible preference shares	**29,985**	-
Weighted average number of shares outstanding for diluted EPS (without considering impact of shares split)	**10,495,834**	10,095,587
Weighted average number of shares outstanding for diluted EPS (after considering impact of shares split) (Refer note below)	**104,958,340**	100,955,870
Diluted EPS (Amount in ₹)	**2.57**	**5.07**

Note:
Subsequent to the period ended December 31, 2017, the Company has sub divided the face value per equity share from ₹ 10 to ₹ 1. Accordingly, Basic and Diluted earnings per share presented above have been adjusted in accordance with AS 20 - 'Earnings per share'.

* Amount below rounding off norm adopted by the Company.

23 **Contingent liabilities** ***(₹ in Million)***

Particulars	As at March 31, 2014	As at March 31, 2013
a) Claims against the Company not acknowledged as debt		
Disputed Excise and Service Tax matters	**4.07**	3.04
Income Tax matters	**43.02**	24.33
Sales Tax matters	**9.51**	7.58
b) Guarantees		
Corporate guarantees for loan taken by Varroc Exhaust Systems Pvt.Ltd	**50.00**	50.00
Outstanding balance of loans taken by subsidiaries in respect of which guarantees of an amount equivalent to USD 54.48 million (Previous year: USD 90 million) have been given	**2,601.14**	5,207.77
C) Other money for which the Company is contingently liable	**28.73**	9.80
d) The Company has imported certain machinery under the Export Promotion Capital Goods (EPCG) Scheme and accordingly, has an export obligation.	**$30.14**	$43.17
e) Bank guarantees outstanding	**31.37**	28.71

24 **Capital and other commitments** ***(₹ in Million)***

Particulars	As at March 31, 2014	As at March 31, 2013
Estimated amount of contract remaining to be executed on capital account and not provided for (Net of advances)	**207.51**	203.90

25 **CIF value of imported materials** ***(₹ in Million)***

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Capital goods	**368.07**	369.32
Raw materials	**688.39**	783.73
Components, stores and spares	**18.88**	8.74

26 **Expenditure in foreign currency** ***(₹ in Million)***

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Foreign travel	**5.02**	8.18
Professional and consultancy charges	**23.49**	11.59
Interest on term loan's, buyer's credit and PCFC loan [includes ₹ 16.4 million (previous year ₹ 23.6 million) captalised during the year]	**84.12**	64.28
Royalty	**0.74**	0.68
Others	**8.37**	19.23

27 **Earnings in foreign currency** *(₹ in Million)*

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
FOB value of exports	**817.69**	655.86
Others (interest, management fees and guarantee commission)	**76.66**	78.40

28 **Disclosure in accordance with revised AS- 15 on "Employee Benefits"** *(₹ in Million)*

	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
(A)	**Defined contribution plans: The Company has recognized the following amount in the Statement of Profit and Loss for the year**		
	(I) Contribution to Employees' provident fund	**36.45**	35.22
	(II) Contribution to Employees' family pension fund	**15.10**	14.84
	Total	**51.55**	**50.06**
(B)	**Defined benefit plans- Gratuity** Following figures are as per actuarial valuation, as at the Balance Sheet date, carried out by independent actuary		
	a) Changes in present value of defined obligation		
	Liability at the beginning of the year	**79.27**	50.18
	Interest cost	**6.33**	4.27
	Current service cost	**13.52**	9.28
	Benefits paid	**(4.79)**	(8.54)
	Actuarial (gain)/loss on obligations	**(15.18)**	24.08
	Liability at the end of the year	**79.15**	79.27
	b) Changes in fair value of plan assets		
	Fair value of plan assets at the beginning of the year	**45.70**	43.93
	Expected return on plan assets	**3.66**	3.73
	Employer's contributions	**31.74**	6.24
	Benefit paid	**(4.79)**	(8.54)
	Actuarial gain/(loss) on plan assets	**1.42**	0.34
	Fair value of plan assets at the end of the year	**77.73**	45.70
	c) Amount to be recognized in Balance Sheet including a reconciliation of the present value of defined benefit obligation and the fair value of assets		
	Present value of funded obligations as at March 31	**79.15**	79.27
	Fair value of plan assets as at March 31	**77.73**	45.70
	Unfunded net liability recognized in the Balance Sheet	**1.42**	33.57
	d) Expenses to be recognized in the Statement of Profit and Loss		
	Current service cost	**13.52**	9.28
	Interest cost	**6.33**	4.27
	Expected return on plan assets	**(3.66)**	(3.73)
	Net actuarial (gain) loss to be recognized	**(16.61)**	23.74
	Expense recognized in Statement of Profit and Loss	**(0.41)**	33.56
	e) Percentage of each category of plan assets to total fair value of plan asset as at March 31,2014		
	Insurer Managed Fund	**100%**	**100%**
	The overall expected rate of return on asset is based on the expectations of the average long term rate of return expected on investment of the fund during the estimated term of the obligations		
	The actual return on plan assets is as follows	**5.08**	4.08
	f) Summary of actuarial assumptions		
	Discount rate	9.31%	8.00%
	Salary escalation rate	7.50%	7.50%
	Expected rate of return on plan asset	8.70%	8.00%

g) Amounts for the current and previous four periods are as follows

Particulars	**2013 - 14**	2012 -13	2011 - 12	2010 - 11	2009 - 10
Present value of funded obligation	79.15	79.27	50.20	35.20	23.70
Fair value of plan assets	77.73	45.70	43.90	36.90	18.50
Experience adjustments on plan liabilities [(gain)/loss]	(15.18)	24.08	4.40	2.00	(3.00)
Experience adjustments on plan assets [gain/(loss)]	1.42	0.34	0.30	1.00	0.40

29 Segment information *(₹ in Million)*

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
The company is engaged in the business of manufacturing of automotive parts and accessories for automobile industry and related services. Accordingly, there is no reportable business segments as per AS-17 -Segment Reporting. The Company has reported geographical segments based on geographical location of customer.		
1) Revenues within India	**12,982.46**	13,608.55
2) Revenues outside India	**856.92**	762.35
Total	**13,839.38**	14,370.90
All the assets of the Company are located within India, except debtors aggregating ₹ 199.9 million (previous year: ₹ 251.2 million).		

Note 30

a. Related parties and their relationships

1	Subsidiaries	Durovalves India Private Limited Varroc Exhaust Systems Private Limited Varroc Lighting Systems (India) Pvt. Ltd. Varroc European Holding B.V. Aries Mentor Holding B.V. VarrocCorp Holding B.V.
2	Step down subsidiaries	Industrial Meccanica E Stampaggio S.p.a. Industria Meccanica E Stampaggio Sp.z.oo. Esex Forging s.r.l. TRI.O.M., S.p.A. TRI.O.M., Vietnam Co. Ltd. Electromures SA, Romania. Varroc Lighting Systems SRO, Varroc Lighting Systems Inc. Varroc Lighting Systems GmBH. Varroc Lighting Systems S.de.R.L. De. C.V.
3	Joint Ventures	Nuova CTS S.r.l Varroc TYC Corporation BVI Varroc TYC Auto Lamps Co. Ltd.
4	Key Management Personnels	Mr. Tarang Jain - Managing Director (individual along with relatives holding majority of the share capital) Mr. K. Muralidharan - Whole time director Mr. Vineet Sahni - Whole time director(until May 6, 2013)
5	Relatives of Key Management Personnel with whom transactions have taken place	Mr. Naresh Chandra - Father of Mr. Tarang Jain Mrs. Suman Jain - Mother of Mr. Tarang Jain Mrs. Rochana Jain - Wife of Mr. Tarang Jain Mr. Arjun Jain -Son of Mr. Tarang Jain
6	Enterprises Owned or controlled by/or over which Parties described in para 4 & 5 or their relatives exercise significant influence where transactions have taken place [Other than those included above]	Varroc Polymers Private Limited Varroc Trading Private Limited Varroc Elastomers Private Limited Endurance Technologies Private Limited Plastic Omnium Varroc Private Limited (until July 2, 2012) Tarang Jain (HUF)

b. Transactions with related parties

	Description of the nature of transactions	**Volume of transactions during**		**Amount (₹ in Million)**			
		For the year ended March 31, 2014	**For the year ended March 31, 2013**	**As at March 31, 2014**		**As at March 31, 2013**	
				Receivable	**Payable**	**Receivable**	**Payable**
A]	**Sale of goods, services and fixed assets ***			-			
	Durovalves India Private Limited	**28.80**	41.74	**1.69**	-	1.85	-
	TRI.O.M., Vietnam Co. Ltd., Italy	**-**	1.82	**2.05**	-	1.85	-
	Varroc Polymers Private Limited	**172.15**	193.84	**19.18**	-	26.64	-
	Varroc Elastomers Private Limited	**-**	0.01	**-**	-	0.01	-
	Endurance Technologies Private Limited	**9.06**	14.05	*****	-	1.86	-
B]	**Purchase of goods, services and fixed assets ***						
	Durovalves India Private Limited	**148.61**	69.72		**77.40**		27.35
	TRI.O.M., S.p.A.	**9.72**	4.12		**9.29**		2.00
	Varroc Polymers Private Limited	**433.11**	568.47		**102.59**		89.02
	Varroc Elastomers Private Limited	**91.37**	99.03		**15.99**		14.33
	Endurance Technologies Private Limited	**-**	*		**-**		-
C]	**Dividend received**						
	Durovalves India Private Limited - Equity Shares	**6.81**	5.34	-		-	
	Varroc Exhaust Systems Private Limited	**-**	17.05	-		-	
D]	**Management consultancy fees received**						
	Durovalves India Private Limited	**4.00**	3.60	**1.01**	-	-	-
	Varroc Exhaust Systems Private Limited	**1.53**	2.06	**1.56**	-	0.87	-
	Plastic Omnium Varroc Private Limited	**-**	4.29	-	-	-	-
	Varroc Lighting Systems Inc. USA	**61.75**	49.47	**29.84**	-	50.40	-
E]	**Reimbursement of expenses-received**						
	Varroc Lighting Systems (India) Pvt. Ltd.	**-**	1.36			-	-
	Varroc Polymers Private Limited	**0.19**	4.50	-	-	-	-
	TRI.O.M., S.p.A.	**0.48**	0.05	**0.48**		0.05	

Note 30 (continued)

	Description of the nature of transactions	Volume of transactions during		Amount (₹ in million)			
		For the year ended March 31, 2014	For the year ended March 31, 2013	As at March 31, 2014		As at March 31, 2013	
				Receivable	Payable	Receivable	Payable
F]	Rent received						
	Varroc Exhaust Systems Private Limited	6.58	5.98	-	-	-	-
	Plastic Omnium Varroc Private Limited	-	6.60	-	-	-	-
	Varroc Polymers Private Limited	8.90	4.70	-	-	-	-
G]	Interest received						
	Varroc Lighting Systems (India) Pvt. Ltd.	21.00	14.02	5.25	-	4.73	-
	VarrocCorp Holding B.V.	2.78	22.77	0.45	-	7.47	-
	Varroc European Holding B.V.#	-	-	80.18	-	61.46	-
H)	Loan received and repaid during the year						
	Varroc Polymers Private Limited	-	1,100.00	-	-	-	-
I)	Guarantee commission received						
	VarrocCorp Holding B.V.	12.11	5.71	-	-	5.71	-
J]	Professional charges paid						
	Mr. Naresh Chandra	0.57	0.58	-	-	-	-
	Mrs. Rochana Jain	2.70	2.70	-	-	-	-
	Varroc Lighting Systems Inc.	4.18	-	-	-	-	-
K]	Interest paid						
	Mr. Naresh Chandra	0.04	0.04	-	*	-	-
	Mrs. Suman Jain	1.10	1.10	-	*	-	-
	Varroc Polymers Private Limited	-	12.21	-	-	-	-
L]	Rent paid						
	Mrs. Rochana Jain	1.80	1.35	-	-	-	-
M]	Directors fees paid						
	Mr. Naresh Chandra	0.08	0.08	-	-	-	-
N]	Dividend paid						
	Mr. Tarang Jain	3.85	6.11	-	-	-	-
	Mr. Naresh Chandra	0.76	1.05	-	-	-	-
	Mrs. Suman Jain	0.78	1.09	-	-	-	-
	Shri Naresh Chandra and Smt. Suman Jain	0.28	-	-	-	-	-
	Shri Tarang Jain and Smt. Rochana Jain	0.53	-	-	-	-	-
	Naresh Chandra - HUF	-	0.39	-	-	-	-
	Tarang Jain - HUF	0.01	0.01	-	-	-	-
	Varroc Polymers Private Limited- equity shares	0.55	0.43	-	-	-	
	Varroc Polymers Private Limited- preference shares	-	13.33	-	-	-	-
O)	Guarantee commission paid						
	Varroc Polymers Private Limited	6.60	6.44	-	-	-	5.80
P]	Remuneration						
	Mr. Tarang Jain	30.87	24.00	-	-	-	-
	Mr. K. Muralidharan	8.20	8.02	-	-	-	-
	Mr. Vineet Sahni	3.39	15.91	-	-	-	-
	Mr. Arjun Jain (with effect from October1, 2013)	0.88	-	-	-	-	-
Q]	Reimbursement of expenses - paid						
	Varroc Polymers Private Limited	0.72	0.53	-	-	-	-
	Varroc Lighting Systems (India) Pvt. Ltd.	2.22	-	-	-	-	
	TRI.O.M., S.p.A.	1.16	-	-	-	-	-
R]	Loans from directors/shareholders						
	Mr. Naresh Chandra	-	-	-	0.40	-	0.40
	Mrs. Suman Jain	-	-	-	13.80	-	13.80
S]	Loan given (net of amount repaid)						
	VarrocCorp Holding B.V.	49.64	2,504.70	238.68	-	189.07	-
T]	Subscription of debentures						
	Varroc Lighting Systems (India) Pvt. Ltd.	-	420.00	420.00	-	420.00	-

* All the value inclusive of taxes, if any

\# The Company has fully provided an allowance for the interest receivable on loan given to Varroc European Holding B.V. (refer Annexure XII A)

31 Foreign currency exposure: *(₹ in Million)*

A) Hedged by derivative instruments/or otherwise

Particulars	(Foreign currency)	As at March 31, 2014 Foreign currency Amount	As at March 31, 2014 Indian rupees equivalent (In million)	As at March 31, 2013 Foreign currency Amount	As at March 31, 2013 Indian rupees equivalent (In million)
Hedged					
External commercial borrowing (ECB Loan)	JPY	**483,525,000**	**285.53**	676,935,000	399.72
External commercial borrowing (ECB Loan)	USD	**13,650,000**	**822.55**	14,000,000	763.84
Assets - Trade receivables/advances	USD	**500,000**	**29.84**	900,000	48.62
Liability - Trade payables	USD	**182,167**	**10.98**	-	-
Buyer's credit	USD	**126,680**	**7.64**	-	-
			1,156.54		1,212.18

B) Unhedged by derivative instruments/or otherwise.

Particulars	(Foreign Currency)	As at March 31, 2014 Foreign Currency Amount	As at March 31, 2014 Indian rupees Equivalent (In million)	As at March 31, 2013 Foreign Currency Amount	As at March 31, 2013 Indian rupees Equivalent (In million)
i) Assets					
Trade receivables/advances /loan receivables	USD	**5,899,648**	**352.57**	4,977,318	268.85
	JPY	**7,280,000**	**4.22**	130,000	0.07
	EURO	**2,004,986**	**163.87**	2,315,981	159.32
	GBP	**90**	*****	15,430	1.26
			520.66		429.50
ii) Liability					
a) Trade payables/advances from customers	USD	**2,824,469**	**170.21**	3,419,217	186.55
	JPY	**32,446,238**	**19.27**	32,397,348	18.89
	EURO	**695,414**	**57.79**	494,061	34.57
	GBP	**643**	**0.06**	223	0.02
	CHF	**168,195**	**11.50**	-	-
			258.83		240.03
b) Loans	USD	**-**	**-**	917,095	50.04
	EURO	**2,000,000**	**166.20**	2,377,536	166.36
			166.20		216.40
c) Buyer's credit	USD	**5,122,126**	**308.66**	2,930,476	159.89
	EURO	**1,542,284**	**128.15**	5,654,090	395.62
	JPY	**41,750,000**	**24.80**	91,558,035	53.40
			461.61		608.91

* Amount below rounding off norm adopted by the Company

32 Capital work-in-progress includes borrowing cost amounting of ₹ 106.60 million (previous year ₹ 69.10 million).

33 Dues to micro and small enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 (‘MSMED Act’). The disclosures pursuant to the said MSMED Act are as follows:

		2013-2014 (₹ in million)	**2012-2013 (₹ in million)**
a)	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	**21.93**	126.26
b)	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	**11.80**	10.83
c)	Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	**280.93**	485.91
d)	Interest paid, other than under Section 16 of MSMED Act,to suppliers registered under the MSMED Act, beyond the appointed day during the year	**-**	-
e)	Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	**-**	-
f)	Interest due and payable towards suppliers registered under MSMED Act, for payments already made	**0.98**	10.83
g)	Further interest remaining due and payable for earlier years	**10.83**	-

34 The Company has received incentives from the Government of Maharashtra under the Packaged Scheme of incentives ("Packaged Scheme"). In the year 2009, pursuant to the scheme sanctioned by the High Court of Bombay, the Company had accounted for the present value of the amount receivable under the Packaged Scheme of ₹ 1003.90 million as a receivable with corresponding credit to the Business Reconstruction Reserve, which has been fully received as on the Balance Sheet date.
In the year ended March 31, 2014 , the Company received an additional amount of ₹ 100.27 million and has also accounted for further amount receivable under the Packaged Scheme of ₹296.19 million. The amount of grant received/receivable has been credited to capital subsidy and treated as a part of shareholders' funds.

35 The Company has taken various premises on lease. Total rent debited to statement of profit and loss in respect of these leases is ₹ 10.65 million (previous year: ₹ 7.30 million).

36 a) Pursuant to the Scheme of Arrangement approved by the High Court of Judicature at Bombay dated July 18, 2010, in accordance with which a unit of the Company was demerged and transferred to another group company and land and buildings were revalued in the year 2009-10, the Board of Directors, in the year ended March 31, 2013, approved the adjustments of the following provisions directly against the Business Reconstruction Reserve:

i) Provision for decline other than temporary in the value of investments in subsidiaries and limited liability partnership firm : ₹ 81.0 million

ii) Provision for guarantee given for loan taken by subsidiary company : ₹ 209.9 million

iii) Provision for loss on account of mark to market on derivative option contracts : ₹ 88.6 million

Had the aforesaid amounts not been adjusted against the Business Reconstruction Reserve, the profit before tax for the year ended March 31, 2013 would have been lower by ₹ 376.84 million.

b) After set off of these provisions, the Company, in the previous year, had transferred the balance amount of ₹ 769.60 million to the Securities Premium Account, in accordance with the provisions of the Scheme of Arrangement.

c) During the year ended March 31, 2014, the Company has written back/ reversed the following provisions:

i) Provision for decline other than temporary in the value of investments in limited liability partnership firm : ₹8.00 million

ii) Provision for guarantee given for loan taken by subsidiary company : ₹ 48.60 million

iii) Provision for loss of account of mark to market on derivative option contracts : ₹ 60.55 million

The above write backs/ reversals have been credited to Statement of Profit and Loss and included under 'Exceptional items (Refer Note 21).

37 The Shareholders at their meeting held on January 25, 2018, accorded their approval for conversion of Company from "Private Limited Company" to "Public Limited Company". Necessary documents have been filed with Ministry of Corporate Affairs and the same is approved by Register of Companies (ROC) Mumbai on Febrauary 05 ,2018.

38 **Previous year figures**
Previous year figures have been reclassified to conform to the current year's classification

Varroc Engineering Limited

Annexure VI A

Statement of Adjustments to Audited Standalone Financial Statements

Summarized below are the restatement adjustments made to the Audited Financial Statements for the year ended March 31, 2014 and 2013 and their impact on the profit / (loss) of the Company:

(₹ in Million)

Sr.No.	Particulars	Note	For the year ended March 31, 2014	For the year ended March 31, 2013
	Profit for the year		**261.72**	**532.01**
A.	**Adjustments:**			
	Material Restatement Adjustments			
	(Excluding those on account of changes in accounting policies):			
(i)	**Audit Qualifications : None**			
(ii)	**Other material adjustments**			
	Tax Pertaining to earlier years	A (2.1)	10.01	(6.34)
	Interest on Income tax pertaining to earlier years	A (2.2)	(2.29)	(0.68)
(iii)	**Deferred Tax adjustments**	A (4)	0.78	0.18
	Total:		8.50	(6.84)
B.	**Adjustments on account of changes in accounting policies :**		-	-
	Total impact of Adjustments (A+B)		8.50	(6.84)
	Net Profit as per statement of restated Standalone Profit & Loss		**270.22**	**525.17**

Notes

A) Adjustments

1 Adjustments for Audit Qualifications: None

2 Other Material Adjustments

2.1 In the audited financial statements of the Company for the year ended March 31, 2014 and 2013, taxes have been accounted for pertaining to earlier years based on return of income and / or intimations/ orders received from Income-tax authorities. For the purpose of these statements, such items have been appropriately adjusted to the respective years to which they relate.

2.2 In the audited financial statements of the Company for the year ended March 31, 2014 and 2013, Interest on Income tax have been accounted based on orders received from Income-tax authorities. For the purpose of these statements, such items have been appropriately adjusted to the respective years to which they relate.

3 Changes in Accounting Policy : None

4 Tax Adjustments : The tax rate applicable for the respective years has been used to calculate the deferred tax impact on other material adjustments.

5 Opening Reserve Reconciliation

Surplus in the statement of Profit and Loss as at April 1, 2012

(₹ in Million)

Particulars	As at April 1, 2012
Surplus in Statement of Profit and loss, as per audited Balance sheet as at April 1, 2012	1,999.29
Adjustments on account of Restatements:-	
Tax Pertaining to earlier years	(5.84)
Interest on Income tax pertaining to earlier years	6.47
Deferred Tax adjustments	(2.17)
Total Adjustments	**(1.54)**
Surplus as per Restated Standalone Financial Information as at April 1,2012	**1,997.75**

B Other Matters :-
For the financial year ended March 31, 2013
Emphasis of Matter

We draw your attention to Annexure V A, Note 36 to the restated financial statements of the Company regarding adjustment of (a) provision for decline other than temporary in the value of investments in subsidiaries aggregating ₹78.2 Million, (b) provision for guarantees given towards loans taken by a subsidiary aggregating ₹ 209.9 Million and (c) provision made for losses aggregating ₹ 88.6 Million arising on mark to market valuation of derivative option contracts entered into by the Company to hedge its foreign currency borrowings, made against Business Reconstruction Reserve in accordance with a Scheme of arrangement approved by the Honourable High Court of Mumbai vide order dated June 18, 2010. Had the Scheme not prescribed the above accounting treatment, the profit before tax would have been lower by ₹376.7 Million.

The above emphasis of matter paragraph forms part of audit report on standalone financial statements of the Company, for the financial year ended March 31, 2013 as well as our examination report on these restated standalone financial information. Both these opinions are not qualified in this regard.

C Auditor's Comment in Company Auditor's Report Order - Non - Adjusting Items :-
Statutory Auditors have made the following comments in accordance with the requirements of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section 4A of Section 127 of the Companies Act, 1956 of India for Financial Year 2013-14 and 2012-13:

For the financial year ended March 31, 2013
Clause (ix)

a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, employees' state insurance, income tax and service tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including investor education and protection fund, sales tax, wealth tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.

b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income-tax, wealth-tax and customs duty which have not been deposited on account of any dispute. The particulars of dues of sales tax, service tax and excise duty as at March 31,2013 which have not been deposited on account of dispute, are as follows

Name of the statute	Nature of dues	Amount (₹ in Million)	Period to which the amount relates	Forum where the dispute is pending
The Central Excise Act, 1944	Excise Duty	0.30	December 2005 to July 2006	Commissioner, Central Excise, Customs and Service Tax (Appeals) Pune .
The Central Excise Act, 1944	Service Tax	1.10	1999-00 to 2003-04	Commissioner, Central Excise and Service Tax, Aurangabad.
The Central Excise Act, 1944	Service Tax	0.30	September 2007	Assistant Commissioner, Central Excise and Service Tax, Aurangabad.
The Central Excise Act, 1944	Service Tax	3.40	April 2006 to December 2009 and 2006-07 to 2009-10	Joint Commissioner, Central Excise, Customs and Service Tax, Division I, Pune.
The Central Excise Act, 1944	Service Tax	0.50	February 2010 to December 2010 , January 2010 to December 2010 and 2007-08 to 2009-10	Assistant Commissioner, Central Excise, Customs and Service Tax, Division I, Pune.
The Central Excise Act, 1944	Service Tax	0.50	January 2011 to November 2011	Deputy Commissioner, Central Excise, Customs and Service Tax, Division I, Pune.
The Central Excise Act, 1944	Service Tax	0.30	December 2011 to October 2012	Assistant Commissioner, Central Excise
Bombay Sales Tax Act, 1959	Sales Tax	22.80	Financial year 2001-2002	Maharashtra Sales Tax Tribunal, Mumbai
Maharashtra Value Added Tax Act, 2002	VAT	2.50	Financial year 2007-2008	Joint Commissioner Appellate, Aurangabad
Maharashtra Value Added Tax Act, 2002	VAT	14.70	Financial year 2010-11	Deputy Commissioner for Sales Tax, Aurangabad
Uttarakhand Value Added Tax Act, 2005	VAT	0.10	Financial year 2008 - 09	Joint Commissioner Appellate, Aurangabad

Clause (ix)

a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax and provident fund, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including investor education and protection fund, employees' state insurance, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.

b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth-tax and customs duty which have not been deposited on account of any dispute. The particulars of dues of sales tax, service tax, Income tax and excise duty as at March 31, 2014 which have not been deposited on account of a dispute, are as follows

Name of the statute	Nature of dues	Amount (₹ in Million)	Period to which the amount relates	Forum where the dispute is pending
The Central Excise Act, 1944	Excise and service tax	1.90	2008-2009 to 2012-2013	Assistant Commissioner. Central Excise and Service Tax
The Central Excise Act, 1944	Excise and service tax	0.80	2012-13	Deputy Commissioner, Central Excise and Service Tax
The Central Excise Act, 1944	Excise and service tax	0.60	2005-2006 and December, 2005 to July 2006	Customs, Excise and Service tax Appellate Tribunal
The Central Excise Act, 1944	Service tax	0.80	2010-11	Joint Commissioner, Central Excise, Customs and Service Tax
Maharashtra Value Added Tax Act, 2002	VAT	2.40	2007-08	Joint Commissioner(Appeal)
Uttrakhand Value Added Tax , 2008	VAT	0.20	2008-09	Joint Commissioner (Appeal)
Uttrakhand Value Added Tax , 2008	VAT	6.40	2010-11	Pending for Appeal to Joint Commissioner
Income Tax Act , 1961	Income Tax	2.00	2007-08	Income Tax Appellate Tribunal
Income Tax Act , 1961	Income Tax	44.30	2008-09	Income Tax Appellate Tribunal

Varroc Engineering Limited
Annexure VII A
Restated Standalone Statement of Secured Borrowings

(₹ in Million)

Particulars	As at March 31, 2014	As at March 31, 2013
Long term borrowings		
Secured term loans:		
From banks and financial institutions	2,441.17	3,198.33
Buyers Credit (Capital in Nature)	314.31	133.88
Total	2,755.48	3,332.21
Short term borrowings		
Secured		
Working Capital Loans	227.21	477.23
Current portion of Secured long term borrowings, included in Other Current Liabilities	927.47	958.93
Total	**3,910.16**	**4,768.37**

Particulars	Current	Maturity Profile of Term loans – Non Current					
	Due in one year as at March 31, 2014 (Refer Annexure V A Note No 6)	2015-16	2016-17	2017-18	2018-19	2019-20	Total
Term Loans	**814.42**	**952.10**	**746.40**	**320.90**	**253.10**	**168.67**	**2,441.17**

Interest rates on loans vary in the range of 8.40% to 13.25%

1 Letter of credit for capex and stand by letter of credit from Corporation Bank, rupee term loan from IDBI Bank Ltd.,The Saraswat Cooperative Bank Ltd. and ECB loan from ICICI Bank are secured by:

a) First pari-passu charge by way of hypothecation of movable fixed assets of the Company both present and future located at Aurangabad, Pune and Uttaranchal plant(s) except Crankshaft unit located at M-191/3, MIDC, Waluj, Aurangabad - 431136

b) Joint Mortgage of immovable properties of the Company located at Aurangabad (excluding Crankshaft Unit), Pune and Uttaranchal plant(s) with the exception that IDBI Bank Ltd does not have any charge on Immovable Properties of Uttaranchal Plant. ICICI Bank ECB is covered by Corporate Guarantee of Varroc Polymers Pvt. Ltd.

2 Foreign Currency Loan (ECB) availed from Citibank N.A. is secured by first exclusive charge on identified movable and immovable fixed assets of Crankshaft Unit. The said credit facility is further covered by Corporate Guarantee of Varroc Polymers Private Limited.

3 Term Loan availed by a step down subsidiary Esex Forging SRL, Italy is covered by first exclusive charge on identified movable fixed assets of Crankshaft Unit. The said credit facility is further covered by corporate guarantee of the Company along with Varroc Polymers Private Limited.

4 Term loan availed from Bajaj Finance Limited is secured by way of second charge on movable fixed assets of the Company.

5 Buyers Credit availed from The Saraswat Co-operative Bank Ltd. is secured by first exclusive charge on identified movable fixed assets of (Crankshaft Unit) located at M-191/3, MIDC, Waluj, Aurangabad - 431136

6 Working capital facilities availed from Corporation Bank, Standard Chartered Bank, HDFC Bank, CITI Bank, ICICI Bank and IDBI Bank Ltd. are secured by paripassu charge by way of hypothecation of stocks of raw materials, work in progress, finished goods, consumable, stores and spares, packing materials and receivables of the Company both present and future situated at Aurangabad, Pune and Uttaranchal Plant (s).

Varroc Engineering Limited
Annexure VIII A
Restated Standalone Statement of Unsecured Borrowings

(₹ in Million)

Particulars	As at	
	March 31, 2014	March 31, 2013
Long term borrowings		
Deferred sales tax loan	252.15	301.99
Subtotal	252.15	301.99
Short term borrowings		
Loan from director and shareholders	14.20	14.20
Loan from financial Institutions	250.00	190.00
Subtotal	264.20	204.20
Current portion of unsecured long term borrowings, included in Other Current Liabilities (refer ANNEXURE V A note 6)		
Deferred sales tax loan	23.38	18.37
Total	**539.73**	**524.56**

Note:

1 There are no amounts payable to Directors or Promoters or entity related to Directors or Promoters of the company except as disclosed above.

2 The list of persons/entity classified as "Promoters and promoter group Company" has been provided by the management and relied upon by the auditors.

Varroc Engineering Limited
Annexure IX A
Restated Standalone Statement of Other Long Term Liabilities

(₹ in Million)

Particulars	As at	
	March 31, 2014	**March 31, 2013**
Creditors for capital goods (retention money)	13.22	28.01
Security deposits from customers	21.67	19.10
Total	**34.89**	**47.11**

Notes :

1 There are no amounts payable to Directors or Promoters or entity related to Directors or Promoters of the company except as disclosed above.

2 The list of persons/entity classified as "Promoters and promoter group Company" has been provided by the management and relied upon by the auditors.

Varroc Engineering Limited
Annexure X A
Restated Standalone Statement of Investments

(₹ in Million)

Particulars	As at	
	March 31, 2014	**March 31, 2013**
Non Current investments		
Trade investments (valued at cost less diminution in the value other than temporary)		
Investment in subsidiaries		
Unquoted equity instruments		
a] 1,960,000 (Previous Year 1,960,000) fully paid equity shares of ₹ 10 each in Varroc Exhaust Systems Private Limited.	19.60	19.60
b] 207,670 (Previous Year 206,870) fully paid equity shares of Euro 100 each in Varroc European Holding B.V.	1,300.42	1,294.69
c] 3,144,730 (previous year 2,617,920) fully paid equity shares of ₹ 10 each in Durovalves India Private Limited	324.75	200.96
d] 100,475 (Previous Year 81,975) fully paid equity shares of Euro 100 each in Aries Mentor Holding B.V.	722.41	565.84
e] 184,954 (Previous Year 184,954) fully paid equity shares of Euro 100 each in Varroc Corp Holding B.V.	1,320.83	1,320.83
f] 19,997 (Previous Year 19,997) fully paid equity shares of ₹ 10 each in Varroc Lighting Systems (India) Private Limited	25.09	25.09
g] Share application money in Varroc Corp Holding B.V.	1,550.24	-
Unquoted debenture		
a] 4,200,000 (Previous year 4,200,000) 5% optionally convertible debenture of ₹100 each of Varroc Lighting Systems (India) Private Limited	420.00	420.00
Investment in others		
Unquoted equity instruments		
a] 529,100 (Previous Year nil) fully paid equity shares of ₹ 10 each in Varroc Polymers Private Limited	500.00	-
Total (A)	6,183.34	3847.01
Non trade investments (Unquoted)		
3,500 (Previous Year 3,500) fully paid equity shares of ₹ 10 each in The Saraswat Co-Operative Bank Limited	0.04	0.04
In Government securities		
National saving certificates	0.06	0.06
Investments in Limited liability partnership firm		
Catalyst Buildcon LLP	-	20.00
Total (B)	0.10	20.10
Total (A+B)	6,183.44	3,867.11
Less : Provision for diminution other than temporary in the value of long term Investments (C)	1,516.80	1,368.23
SUBTOTAL I (A+B-C)	**4,666.64**	**2,498.88**
Current investments (At cost or maket value whichever is lower)		
a] 60,338.41 units of Franklin India Blue Chip Fund Growth (Previous year 34,623.60 units)	13.50	7.50
b] 76,941.633 units of HDFC Top 200 Fund-Growth (Previous year 43,927.71 units)	16.20	9.00
c] 62,384.205 units of LIC Nomura MF Liquid Fund (Previous year Nil units)	145.20	-
d] 103,600.766 units of Reliance MF Liquid Fund (Previous year Nil units)	200.40	-
SUBTOTAL II	**375.30**	**16.50**
TOTAL (I+II)	**5,041.94**	**2,515.38**

Varroc Engineering Limited
Annexure XI A
Restated Standalone Statement of Trade Receivables

(₹ in Million)

Particulars	As at	
	March 31, 2014	March 31, 2013
Trade Receivable		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Considered good	29.42	11.13
Considered doubtful	14.02	2.63
	43.44	13.76
Others- considered good	1,475.89	2,025.42
Less:- Provision for doubtful debts	14.02	2.63
Total	**1,505.31**	**2,036.55**

Note:

1 Trade receivables include ₹55.4 million (previous year ₹ 84.9 million) due from private companies in which directors are interested. Trade receivable are shown net of bill discounting from banks of ₹ 464.6 million (Previous year ₹ 138.7 million) and factoring of ₹ 150.7 million (previous year ₹ 63.2 million)

2 There are no amounts recoverable from Directors or Promoters of Company other than those disclosed above.

3 The list of persons/entity classified as "Promoters and promoter group Company" has been provided by the management and relied upon by the auditor.

Varroc Engineering Limited
Annexure XII A
Restated Standalone Statement of Loans and Advances

(₹ in Million)

Particulars	As at	
	March 31, 2014	March 31, 2013
Long-term loans and advances: [A]		
Unsecured and Considered good (unless otherwise stated)		
Capital advances		
Considered good	79.41	27.48
Considered doubtful	4.31	4.69
Less:- Allowance for doubtful advances	(4.31)	(4.69)
Sundry deposits	17.91	16.48
Loans and advances to related parties		
Interest receivable on loan given to subsidiary (refer note 1 below)	80.18	61.46
Less:- Allowance for doubtful advances	(80.18)	(61.46)
Other loans and advances		
Balances with Government authorities	0.05	2.59
MAT Credit Entitlement	133.65	27.11
Advance income Tax (net of provision for taxation)	68.22	33.56
TOTAL [A]	299.24	107.22
Short term loans and advances [B]		
Unsecured considered good (unless otherwise stated)		
Loans and advances to related parties		
Loan to subsidiary	238.68	189.04
Interest receivable on debentures	5.29	5.25
Interest receivable on loan	0.49	7.51
	244.46	201.80
Other loans and advances		
Prepaid expenses	28.64	34.98
Advance/loan to vendors	25.49	17.09
Balance with statutory/ Government authorities	147.11	141.10
Advances recoverable in cash or kind	45.75	11.40
	246.99	204.57
TOTAL[B]	**491.45**	**406.37**
TOTAL[A+B]	**790.69**	**513.59**

Notes :

1 Interest receivable on loan given to subsidiary represents receivable from Varroc European Holding B.V.in which a director of the Company is a director.

2 Interest on loans, Interest on debentures and loan receivable represents receivable from companies in which a director of the Company is a director.

3 There are no amounts recoverable from Directors or Promoters or entity related to Directors or Promoters of the company except as disclosed above.

4 The list of persons/entity classified as "Promoters and promoter group Company" has been provided by the management and relied upon by the auditor.

Varroc Engineering Limited
Annexure XIII A
Restated Standalone Statement of Other Income

(₹ in Million)

Particulars	Nature (Recurring/ Non-recurring)	For the year ended	
		March 31, 2014	March 31, 2013
Other Income:			
Interest income on			
Bank deposits	Recurring	5.18	9.71
Income tax refund	Non Recurring	2.29	3.16
Loan to subsidiaries	Non Recurring	2.78	22.77
Optionally convertible debentures of Varroc Lighting Systems India Private Limited	Non Recurring	21.00	14.02
Others	Non Recurring	1.91	1.75
Dividend income			
From subsidiaries	Non Recurring	6.81	22.39
On current investments	Non Recurring	*	*
Gain on sale of current investments	Non Recurring	1.12	3.88
Other non-operating income			
Rent	Recurring	42.15	36.91
Commission on corporate guarantees	Recurring	12.11	5.71
Sales tax set-off received	Non Recurring	0.36	-
Gain on prepayment on sales tax deferral	Non Recurring	2.87	-
Net Exchange gain (net of captalised loss ₹ Nil (previous year ₹ 4 Million))	Non Recurring	-	13.82
Miscellaneous income	Non Recurring	22.11	15.14
Total		120.69	149.26
Add/(Less) Restatement adjustments			
Interest on Income tax pertaining to earlier years		(2.29)	(0.68)
Total Restatement Adjustments		(2.29)	(0.68)
Other income(net of restatement adjustments)		118.40	148.58

Note: * Amount below rounding off norm adopted by the Company

1. The classification of income into recurring and non-recurring is based on the current operations and business activities of the Company.

2. All items of Other Income are from normal business activities.

Varroc Engineering Limited
Annexure XIV A
Restated Standalone Statement of Accounting Ratios

Sr. No.	Particulars	For the year ended March 31, 2014	March 31, 2013
	Basic		
1	Profit / after tax as restated (₹ in million)	270.22	525.17
	Less : Dividend on preference shares	-	13.33
2	Profit attributable to equity shareholders (₹ in million)	270.22	511.84
3	Weighted average number of shares outstanding during the year- Basic (refer note 3 below)	104,658,490	100,955,870
4	Weighted average number of shares outstanding during the year- Diluted (refer note 3 below)	104,958,340	100,955,870
5	Number of Equity Shares outstanding at the end of the year (refer Annexure V A, note 1)	104,658,510	104,658,490
6	Net Worth for Equity Shareholders (₹ in million)	8,375.28	5,082.81
7	Accounting Ratios		
	Basic Earnings per share (₹) (2)/(3)	2.58	5.07
	Diluted Earnings per share (₹) (2)/(4)	2.57	5.07
	(Refer Annexure V A, Note 22)		
	Return on Net Worth for Equity Shareholders(%)(2)/(6)	3.23	10.07
	Net asset value per equity share (₹) (6)/(5)	80.02	48.57

Note:

1 Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during the year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.

2 Net worth for ratios mentioned at Sr. No. 6 above is = Equity share capital + Reserves and surplus (including Capital Subsidy, Securities Premium, Retained Earnings, Business Reconstruction Reserve, General Reserve, Foreign Currency Translation Reserve, Foreign Currency Monetary Item Translation Difference)

3 Subsequent to the period ended December 31, 2017, the Company has sub divided the face value per equity share from ₹ 10 to ₹ 1. Accordingly, Basic and Diluted earnings per share presented above have been adjusted in accordance with AS 20 - 'Earnings per share' and other ratios have been adjusted appropriately.

4 The ratios on the basis of Restated Standalone financial information have been computed as below

Basic Earnings per Share = $\frac{\text{Net profit as restated,attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$

Diluted earnings per share = $\frac{\text{Net profit as restated,attributable to equity shareholders}}{\text{Weighted average number of dilutive equity shares outstanding during the year}}$

Return on Net Worth for Equity Shareholders(%) = $\frac{\text{Net profit after tax as restated (excluding extraordinary items)}}{\text{Net worth as restated at the end of the year}}$

Net asset value per equity share (₹) = $\frac{\text{Net worth as restated (excluding extraordinary item)}}{\text{Number of equity shares outstanding at the end of year}}$

5 The above ratios have been computed on the basis of the Restated Standalone Financial Information- Annexure I A & Annexure II A.

Varroc Engineering Limited
Annexure XV A
Restated Standalone Statement of Tax Shelter

(₹ in Million)

Sr. No.	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
A	Profit Before tax- as restated	264.97	686.15
B	Tax at applicable Rates	33.99%	32.45%
C	Tax thereon at the above rate	**90.06**	**222.66**
	Adjustments:		
D	**Tax impact of Permanent Differences due to:**		
	Weighted deduction on research and development expenditure	(51.52)	(51.90)
	Deduction under Tax Holiday	(35.67)	(47.47)
	Investment allowance	(38.29)	-
	Exempt non-operating income	(2.31)	(9.53)
	Disallowance u/s 14A	2.53	0.94
	Exchange Fluctuation Gain (net) related to Investment & MTM	(18.49)	-
	Non- deductible Expenses	53.68	4.03
	Others	0.98	2.29
	Total Tax Impact of Permanent Difference	**(89.09)**	**(101.64)**
E	**Tax impact of Timing Differences due to:**		
	Depreciation and amortisation	(15.32)	35.07
	Expenditure allowed on payment basis	(1.47)	2.19
	Provision for doubtful debts and employee benefits	6.23	13.33
	Others	0.33	(1.49)
	Tax impact of Timing Differences	**(10.23)**	**49.10**
F	**Net Adjustments (D+E)**	**(99.32)**	**(52.54)**
G	**Adjusted Tax Liability (C+F)**	**(9.26)**	**170.12**
	Minimum Alternate Tax under Sec. 115 JB of Income Tax Act including other Taxes		
	Tax rate as per Minimum Alternate Tax	20.96%	**20.01%**
H	Tax Liability as per Minimum Alternate Tax including other taxes	95.93	134.13
I	Net liability (Higher of G and H)	**95.93**	**170.12**
J	**Total Current Tax**	**95.93**	**170.12**
K	Impact of on Material Adjustments for restatement in corresponding years	(5.65)	6.34
L	MAT credit entitlement recognised	(106.54)	-
M	**Total Tax Liability (J+K+L)**	**(16.26)**	**176.46**

Varroc Engineering Limited
Annexure XVI A
Restated Standalone Statement of Dividend paid

	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
A)	**Dividend on equity shares**		
	Number of Equity Shares Outstanding	10,465,851	10,465,849
	Dividend paid (₹ in Million)	-	-
	Interim Dividend (₹ in Million)	6.80	9.09
	Dividend Distribution tax (₹ in Million)	0.70	4.30
	Rate of Dividend (%)	6.50%	9%
	Dividend per Equity Share (₹)	0.65	0.90
B)	**7% Cumulative redeemable optionally convertible preference shares of ₹ 10 each**		
	Number of Shares Outstanding (Converted to equity shares during the year ended March 31, 2013)	-	-
	Dividend paid (₹in Million)	-	-
	Interim Dividend (₹ in Million)	-	13.33
	Rate of Dividend (%)	-	7%
	Dividend per Share (₹)	-	0.70
C)	**0.001% Series "A" Compulsorily Convertible Preference shares**		
	Number of Shares Outstanding	29,999,980	-
	Dividend paid (₹ in Million)	-	-
	Interim Dividend (₹ in Million)	*	-
	Rate of Dividend (%)	0.001%	-
	Dividend per Share (₹)	0.0001	-

* Amount below rounding off norm adopted by the Company

Note:

Subsequent to the period ended December 31, 2017, the Company has sub divided the face value per equity share from ₹ 10 to ₹ 1. The dividend per share presented above have been computed without considering the impact of subdivison of shares.

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations, and our assessment of the factors that may affect our prospects and performance in future periods, together with our consolidated financial information as at and for the nine-month period ended December 31, 2017 and the fiscal years ended March 31, 2017, 2016 and 2015 including the notes thereto and reports thereon, each included in this Draft Red Herring Prospectus. Our financial information in respect of the nine-month period ended December 31, 2017 and the years ended March 31, 2017, 2016 and 2015 included in this Draft Red Herring Prospectus is prepared under Ind AS, in accordance with requirements of the Companies Act, 2013, as amended, and our financial information in respect of the years ended March 31, 2014 and 2013 included in this Draft Red Herring Prospectus is prepared under Indian GAAP, in accordance with the requirement of the Companies Act, 2013, as amended, and restated in accordance with the SEBI ICDR Regulations. Ind AS and Indian GAAP differ in certain material respects from IFRS, U.S. GAAP and GAAP in other countries. Accordingly, the degree to which our financial information will provide meaningful information to a prospective investor in countries other than India is entirely dependent on the reader's level of familiarity with Ind AS and Indian GAAP. Our audited financial statements for the nine-month period ended December 31, 2017 and the fiscal years ended March 31, 2017, 2016 and 2015 included in this Draft Red Herring Prospectus are prepared in accordance with Ind AS. Given that Ind AS is different in many respects from Indian GAAP under which our restated financial information for fiscal years ended March 31, 2014 and 2013 have been prepared, our Ind AS financial statements for the period commencing from April 1, 2014 may not be comparable to our Indian GAAP financial statements for fiscal years ended March 31, 2014 and 2013.

This discussion and analysis contains forward-looking statements that reflect our current views with respect to future events and our financial performance, which are subject to numerous risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements. As such, you should also read "Risk Factors" and "Forward Looking Statements" beginning on pages 19 and 17, respectively, which discusses a number of factors and contingencies that could affect our financial condition and results of operations.

Our fiscal year ends on 31 March of each year. Accordingly, all references to a particular fiscal year, or "FY", are to the 12 months ended 31 March of that year and all references to 9M FY2018 are to the nine months ended December 31, 2017.

Overview

We are a global tier-1 (tier-1 companies are companies that directly supply to original equipment manufacturers ("**OEMs**")) automotive component group. We design, manufacture and supply exterior lighting systems, plastic and polymer components, electricals-electronics components, and precision metallic components to passenger car, commercial vehicle, two-wheeler, three-wheeler and off highway vehicle ("**OHV**") OEMs directly worldwide. We are the second largest Indian auto component group (by consolidated revenue for FY2017) (*Source: CRISIL Research*) and a leading tier-1 manufacturer and supplier to Indian two-wheeler and three-wheeler OEMs (by consolidated revenue for FY2017) (*Source: CRISIL Research*). We are the sixth-largest global exterior automotive lighting manufacturer and one of the top three independent exterior lighting players (by market share in 2016) (*Source: Yole*). From FY2015 to FY2017 we had a compound annual growth rate ("**CAGR**") of 17.57% in terms of revenue.

We commenced operations with our polymer business in 1990. We initially grew organically in India by adding new business lines, such as our electrical division and metallic division. Subsequently, we diversified our product offerings and expanded our production capacity through various investments, joint ventures and acquisitions. Our acquisitions most notably included our 2012 acquisition of Visteon's global lighting business, now known as Varroc Lighting Systems. Prior to the acquisition of Visteon's global lighting business, in 2007 we acquired I.M.E.S (a manufacturer of hot steel forged parts for the construction and oil and gas industries) in Italy and in 2011 we acquired Triom (a manufacturer of high end lighting systems for global motorcycle OEMs) with operations in Italy, Romania and Vietnam. In 2013, we expanded our global lighting business by acquiring Visteon's holding in a 50/50 joint venture with Beste Motor Co. Ltd. ("**TYC**") to manufacture automotive lighting in China, namely Varroc TYC (which wholly owns Varroc TYC Auto Lamps, which in turn wholly owns Varroc TYC Auto Lamps (CQ) (our "**China JV**"). On February 13, 2018, we entered into a joint venture with Dell'Orto S.p.A., one of our customers, in India, for the development of electronic fuel injection control systems for two-wheelers and three-wheelers. We have also expanded our manufacturing and R&D footprint by investing in nine manufacturing plants and an additional R&D center in India since 2012. We continue to expand our manufacturing and R&D footprint, and intend to set up one manufacturing facility in Brazil and one manufacturing facility in Morocco, as well as two manufacturing facilities in India. We intend to continue to improve our manufacturing processes and systems, as well as invest in new technology areas to further expand our business. Our goal is to bring leading technologies to the mainstream markets with high quality, cost competitive solutions. We strive to do this with speed, agility and creativity by delivering customized solutions with quality service, while fostering an environment that empowers employees and encourages the pursuit of excellence. We consider our core values of sincerity, humility, integrity, passion and self-discipline as essential to continue to grow our business.

We have end-to-end capabilities across design, R&D, engineering, testing, manufacturing and supply of various products across our business. We have two primary business lines, namely (i) the design, manufacture and supply of exterior lighting systems to passenger cars OEMs worldwide (our "**Global Lighting Business**"), which we undertake through our subsidiaries forming part of the VLS group and (ii) the design, manufacture and supply of a wide range of auto components in India (our "**India Business**"), primarily to two-wheeler and three-wheeler OEMs, including exports. Our India Business offers a diversified set of products across three product lines, namely polymers/plastics, electrical/electronics and metallic components. In addition, we have other smaller businesses, which include the design, manufacture and supply of two-wheeler lighting to global OEMs, and under carriage forged machine components for OHVs and drill bits for the oil and gas sector (our "**Other Businesses**"). For FY2017, our consolidated revenue from operations was ₹96.1 billion with ₹61.2 billion from our Global Lighting Business, ₹31.7 billion from our India Business (₹14.8 billion for polymers/plastics, ₹9.0 billion from electrical/electronics/lighting, ₹5.4 billion for metallic components and the remainder from other sources) and ₹3.2 billion from our Other Businesses. For 9M FY2018, our consolidated revenue from operations was ₹73.9 billion with ₹44.3 billion from our Global Lighting Business, ₹26.6 billion from our India Business (₹12.2 billion for polymers/plastics, ₹7.7 billion for electrical/electronics/lighting, ₹4.8 billion for metallic components and the remainder from other sources) and ₹3.0 billion from our Other Businesses.

We have a global footprint of 36 manufacturing facilities spread across seven countries, with six facilities for our Global Lighting Business, 25 for our India Business and five for our Other Businesses. Given our global presence, our revenue stream is diversified both geographically as well as across customers. In FY2017, our largest customer contributed 17.0% of our total invoiced amounts (19.5% in 9M FY2018) and our top five customers contributed 64.5% of our total invoiced amounts (61.7% in 9M FY2018). We received 36.6% of our revenue in FY2017 from customers in Europe (39.8% in 9M FY2018), 32.7% from customers in India (35.7% in 9M FY2018), 20.4% from customers in the United States of America (17.0% in 9M FY2018), 0.6% from customers in the Asia Pacific region (0.6% in 9M FY2018) (excluding India and our China JV, which we account for via the equity method), and 9.7% from customers in other geographies (6.8% in 9M FY2018).

For our Global Lighting Business, our manufacturing facilities are located in Mexico, the Czech Republic, China (through our China JV) and India, allowing us to serve the North American, European, Chinese and Indian markets, respectively. These markets together accounted for more than 80% of the passenger car and light commercial vehicle ("**LCV**") sales by volume in 2016 (*Source: Yole*). VLS is in the process of setting up a new plant in Brazil, to serve the South American market, and Morocco, to serve the southern European and north African markets. We anticipate that our plants in Brazil and Morocco will commence production in FY2019. We are in discussions to acquire an exterior automotive lighting company in Turkey in FY2019. By locating its manufacturing facilities in comparatively lower cost countries, VLS is able to provide customers with lighting systems in a cost efficient manner. VLS has a diversified customer base across nearly all major automotive markets in the world, except Japan and Korea. VLS has long-term relationships with marquee auto manufacturers across the premium, mid-range and mass market pricing spectrum, including Ford, Jaguar Land Rover, the Volkswagen Group (the "**VW Group**"), Renault-Nissan-Mitsubishi, Groupe PSA, FCA, a European multinational car manufacturer and an American electric car manufacturer. VLS has a broad portfolio of lighting products, including Halogen, Xenon/high-intensity discharge, light-emitting diode ("**LED**"), Matrix LED, high definition Micro-Electro-Mechanical Systems ("**MEMS**") and digital micromirror device ("**DMD**"), surface LED, organic light-emitting diode ("**OLED**") module, Flex LED, LED pixel and LED pixel headlamp, catering to the five product segments within external automotive lighting. VLS has sales offices in France, Germany and the United Kingdom and is headquartered in Plymouth, Michigan (United States of America).

Within our India Business, we have 25 manufacturing facilities and five R&D centers spread across India. Our Indian manufacturing and distribution footprint is strategically located across key Indian automotive hubs, allowing us to be close to our customers and helping to ensure cost efficiency. We have a long-standing relationship with Bajaj Auto Ltd ("**Bajaj**"), a leading two-wheeler manufacturer, which has been our customer for the past 28 years and to whom we have been providing components across our product lines. Our other key two-wheeler customers in India include Honda, Royal Enfield, Yamaha, Suzuki and Hero. We also export to global two-wheeler manufacturers from our facilities in India, namely KTM and Volvo. Our India Business is headquartered in Aurangabad, Maharashtra, India. We also have an office in Pune and we have sales offices at Pune, Gurgaon and Japan.

We are continually honing our in-house R&D and engineering capabilities at our Global Lighting Business to capitalize on industry trends, including in particular moves towards emission reduction, autonomous driving, electrification, shared mobility and connectivity. We differentiate ourselves by focusing on the low cost development of advanced technologies, thereby delivering high quality, cost competitive solutions for our customers. Most of our R&D centers are located in low-cost geographies, which we believe will give us a growing competitive advantage as the technology content of our products continues to increase. As of December 31, 2017, our Global Lighting Business has approximately 900 engineers located in nine R&D centers, which are located in the Czech Republic, India, China (through our China JV), Mexico, Germany and the United States of America. We have a new R&D facility which started operations in 2018 in Poland. Our engineering teams work closely with our customers to develop new products and technologies. Our Global Lighting Business had 184 patents as of December 31, 2017.

Our R&D efforts at our India Business 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 multi point fuel injection. In particular, the Ministry of Road Transport and Highways, India has mandated the adoption of the Bharat Stage VI ("**BS VI**") emission standards by April 1, 2020, as part of which two and three-wheelers in India are expected to introduce electronic fuel injection systems and on February 13, 2018, we signed a joint venture agreement with Dell'Orto, S.p.A. for such development. We have already begun engaging with our customers to provide electronic fuel injection systems starting from 2020. We develop our own electronics, control and software, and as on December 31, 2017, have filed 14 applications with the Controller General of Patents, Designs and Trade Marks in India and two applications with the World Intellectual Property Organisation for 16 patents which are in various stages of grant. The 16 pending applications relate to, among other things, electrical-electronics, polymer, metallic, lighting and polymer-related products. Our India Business has 452 engineers located in five R&D centers, which are located in Pune and Aurangabad in India.

Our revenue for FY 2015, FY 2016, FY 2017 and 9M FY 2018 was ₹69,507.70 million, ₹82,189.00 million, ₹96,085.40 million and ₹73,939.01 million, respectively, and our earnings before interest, taxes, depreciation and amortization ("**EBITDA**") before exceptional items was ₹7,045.73 million, ₹5.915.65 million, ₹6,754.84 million and ₹6547.85 million, respectively. For 9M FY2018, our annualised return on average equity ("**RoE**") was 17.1% and our annualised return on capital employed ("**RoCE**") was 15.5%. Our net debt to equity ratio as of December 31, 2017 was 0.54. As of September 2017, our long term credit facilities are rated [ICRA] AA- (stable) and short term credit facilities are rated [ICRA] A1+ by ICRA Limited (the limits covered are ₹9,050 million bank lines, ₹1,000 million commercial paper program and ₹1,000 million non-convertible debentures).

Significant Factors Affecting our Results of Operations

Macro-Economic Conditions and Factors Affecting the Automotive Industry

We derive a significant portion of our revenue from the manufacture and supply of (i) exterior lighting for passenger vehicles globally through VLS and (ii) a variety of automotive components in India primarily to two-wheeler and three-wheeler OEMs, with a growing revenue in passenger and commercial vehicles. The impact of demand on OEMs from end customers therefore impacts us. The levels of demand for exterior lighting and automotive components depend primarily on conditions in the automotive industry in our target markets which, in turn, depend to a large extent on general macro-economic conditions in these markets. We are particularly affected by factors impacting the passenger vehicles market as well as the Indian two-wheeler and three-wheeler markets. Some of the general macro-economic factors that can affect demand for passenger cars, two-wheelers and three-wheelers and, therefore, for the components that we manufacture, include the following:

- global oil prices, which impacts the automotive industry and subsequently the components industry, both globally and in India;
- global and local economic or fiscal crises;

- global and local economic or fiscal instability;
- global and local political and regulatory measures and developments, such as tax incentives or other subsidies, environmental policies, the phasing out of older vehicles or other developing trends, such as the move towards electrification and emissions reduction;
- global and local fiscal and monetary dynamics, such as rises or falls in interest rates (resulting in greater or lesser ability by customers to borrow money, including for auto purchases), foreign exchange rates and inflation rates;
- general levels of GDP growth in a country or region, and growth in personal disposable income in that country or region;
- demographic conditions and population dynamics, such as the absolute size of a market and the growth rates of the population in that market; and
- economic development and shifting of wealth in India, in particular growth in the middle class, rural areas, and the agricultural sector, which is highly dependent on the outcome of the monsoons;

Stronger macro-economic indicators tend to correlate with higher demand for automotive vehicles, while weaker macro-economic indicators tend to correlate with lower demand for automotive vehicles.

The cyclical nature of general macro-economic conditions and, therefore, of the automotive industry means that our results of operations can fluctuate substantially from period to period. We expect that these macro-economic factors and conditions in the automotive industry, particularly changes in consumer confidence, employment levels, fuel prices, consumer spending on passenger vehicles, urbanisation, government policies and interest rates, will continue to be the most important factor affecting our revenues and results of operations. Other factors, such as our competitiveness, quality and pricing, have an effect on our market share and our ability to win customers in competitive situations, but the overall direction of the automotive industry tends to have a more pronounced effect on our revenues and results of operations.

See "*Industry - Overview*" beginning on page 129 of this Draft Red Herring Prospectus, for a discussion of macro-economic conditions in the global economy and Indian economy, respectively, and a more detailed description of the exterior lighting and automotive components industries in the markets in which we operate.

Purchasing Patterns of our Principal Customers

We depend on major OEM customers in Europe, India, the United States of America of America and China for a significant portion of our revenue. Therefore, our ability to manage and sustain customer relationships is critical. Our customers are primarily large OEMs of passenger vehicles in Europe and the United States of America such as Ford, Jaguar Land Rover and FCA and motorcycles and scooters in India, such as Bajaj, Honda, Royal Enfield and India Yamaha. Our top 5 customers in FY2017 and their respective contributions to our total invoice value are as follows:

Customer	**FY2017**	**9M FY2018**
	Contribution to total invoice value (%)	
Bajaj	17.0	19.5
Customer A	15.9	15.5
Customer B	11.4	9.3
Customer C	10.6	9.2
Customer D	9.6	8.2

We have increasingly diversified our customer base in recent years so that our dependence on an American multinational car manufacturer for our VLS business and Bajaj for our India Business has lessened over time. For example, whereas we were active in India only in the two-wheeler and three-wheeler segments previously, we have diversified by participating in the four-wheeler passenger vehicle and commercial vehicle market.

The demand from our customers determines our revenue levels and results of operations, and our sales are directly affected by production and inventory levels of our customers. New investments or increased sales by our customers tends to increase our revenue and results of operations, while a slow-down in demand for our customers' products tends to have an adverse impact on our revenues and results of operations. Accordingly, our operations have generally grown with our customers' businesses over time. Our customers, in turn, are dependent on general trends in the automotive industry (see "*Macro-Economic Conditions and Conditions in the Automotive Industry*", above). Foreign exchange fluctuations may also subdue exports for some of our customers, in turn affecting the size of their order book. Similarly, new model launches by our OEM customers can have a positive impact on demand for our components.

Our sales to our customers also depend largely on the number and type of products that we supply to them and our ability to increase our overall share of our customers' purchases. In FY2016 and FY2017, we made further breakthroughs in increasing our share in our customers' purchases by expanding the products purchased by some of the major customers of our India Business. For example, Honda, who initially purchased only polymers from us, is now also our customer for forged metallic components. Moreover, economies of scale as well as the location of our manufacturing facilities in low cost jurisdictions near many of our OEM customers' production centres result in lower costs for our customers, and in turn provides us with further opportunities to increase our share of business with our customers.

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 a positive or negative effect on our revenues and our results of operations.

The effect of variations in our customers' purchasing patterns is exacerbated by the fact that, as is standard in the automotive component industry, we do not typically enter into firm commitment long-term agreements with our customers. 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.

For our Global Lighting Business, we enter into general framework agreements with our customers, which outline the basic parameters of our cooperation and we receive non-binding forecasts of expected volumes and specifications of customer orders for six to twelve month periods. Our customers then provide us with purchase orders detailing specific order volumes and delivery schedules, typically on a weekly basis. However, we typically have to purchase electrical components from our suppliers around 25 to 30 weeks in advance, meaning that we have to keep large inventories of electrical components in order to ensure that we are able to meet our customers' orders without delays.

For our India Business, we operate on a purchase order based system. Most of our customers provide us with forecasts of order volumes, generally firm for the first month with tentative delivery schedules for the following months, as well as annual sales projections that help us predict our production, capital expenditure and revenue for that particular product or business line and facilitate our resource and downstream supply planning. For each customer, we typically receive weekly delivery schedules detailing product mix specifications.

Our actual production volumes may differ significantly from our estimates due to variations in customer demand for the related vehicles. 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.

Operating Costs, Efficiencies and Raw Material Costs

Given the nature of our business, our ability to manage our operating costs and efficiencies is critical to maintaining our competitiveness and profitability. Our profitability is partially dependent on our ability to spread fixed production costs over higher production volumes. In addition, we face substantial pressure from our principal customers to reduce prices, and in order to maintain our profitability, we must be able to reduce our operating expenses. We continually undertake efforts to reduce our costs in order to protect our margins, such as locating our facilities in low cost jurisdictions, rationalising suppliers, negotiating volume discounts, outsourcing non-critical processes, reducing energy usage and rationalising our manpower. Our ability to reduce our operating costs in line with customer demand is subject to risks and uncertainties, as our costs depend, in part, on external factors beyond our control.

Operational efficiency also takes time to develop. For example, although we acquired our Mexico plant in 2012, we had to undertake a gradual process of replacing inefficient practices, such as through labour rationalisation and reducing scrap, which have only provided significant results in 9M FY2018. In India, our expanding production facilities have added capacity to capture new business, which has helped to grow our revenue, although it will still take time for all our capacities to be fully utilised. Operating margins in India have therefore been relatively stagnant notwithstanding the expansion of our overall capacity, although we have seen some improvement on the utilisation rate in FY2016 and FY2017, growing from 11.6% to 12.4% across our India Business.

Given our efforts at improving our operational efficiencies, we have been able to improve our Profit After Tax Margin (calculated as profit for the period / year divided by total income) from 0.24% in FY2015 to 4.15% in 9M FY2018.

We also incur certain costs in order to ensure that the products that we supply to our customers are of high quality and free of defects. Such costs relate to matters such as capital expenditure, manpower, systems deployment and rejection and re-working of products. Quality control is critical to our operations and a failure to prevent the passing down of defects to our customers may lead to significant financial penalties.

In addition, raw material costs (consisting of the costs of materials consumed, purchases of stock-in-trade and changes in inventories of finished goods, work-in-progress and stock-in-trade) constitute the most significant portion of our expenditures, representing 60.33%, 61.43%, 62.83% and 60.68% of our total revenue in FY2015, FY2016, FY2017 and 9M FY2018 respectively. Our primary raw materials are poly-propylene, acrylonitrile butadiene styrene, polyol, paint, master batch, isocynate, rexine, glass and forged quality steel for our India Business and resin (granulate) for our Global Lighting Business.

Prices for these raw materials can be volatile and depend on commodity prices in the markets, which, in turn, depend on changes in global economic conditions, industrial cycles, supply-and-demand dynamics, attempts by individual producers to capture market share, and market speculation, among other factors. In addition to market fluctuations, our average raw material prices can be affected by contractual arrangements and hedging strategies, if any. We do not enter into any firm commitment long-term contracts with our suppliers. In India, we primarily purchase raw materials back-to-back and in line with the terms and prices that are agreed with our customers, either from suppliers stipulated by our customers or those suggested by us and approved by our customers. For our Global Lighting Business., we typically agree a fixed per-unit price for raw materials for each purchase order; for that purchase order, we bear the raw material price risk. Depending on how raw material prices move, we may then be able to adjust the raw material prices for future purchase orders. See "*Business—Raw Materials*" on page 210 of this Draft Red Herring Prospectus for further details regarding our supply contracts.

Acquisitions

Part of our strategy is to grow our business and operations inorganically and we continually consider suitable acquisition opportunities or strategic alliances that would provide synergies with our existing businesses or otherwise strengthen our business. We may undertake acquisitions to increase our customer base, the range of products we provide and the geographical reach of our products. We adopt a disciplined approach to the execution of our acquisition growth strategy and focus on identifying businesses and assets with one or more of the following key criteria: (i) a strong management team, (ii) strong or established brand and reputation, (iii) proven track record of profitability, (iv) synergies with our existing businesses and (v) potential for further growth. Each new acquisition that we complete may materially affect the overall results of our operations and financial profile. We also incur transaction costs in undertaking and integrating our acquisitions, which can significantly affect our revenue and net profit.

In line with this strategy, we are in discussions to acquire a lighting company in Turkey in FY2019, to bolster our European operations.

In FY2015, Varroc Polymers Private Limited, became our wholly owned subsidiary effective from December 1, 2014. Accordingly, we consolidated Varroc Polymers Private Limited into our financial statements for four months during FY2015 and then the full year during FY2016. As a result of this acquisition, our revenue and various expense items, such as raw materials costs, employee costs, and depreciation all increased.

Our future acquisitions will result in demands being placed on our managerial, operational, technological, financial and other resources. See "*Risk Factors - Internal Risk Factors - We may not be successful in implementing our strategies, such as expanding our business in China, South America, southern Europe northern Africa and east*

Asia], or capitalising on technological trends in the automotive industry, which could materially adversely affect our business, results of operations and future prospects" and "*Risk Factors - Internal Risk Factors - We have undertaken and may continue to undertake strategic investments and alliances, acquisitions and mergers in the future, which may be difficult to integrate and manage. These may expose us to uncertainties and risks, any of which could materially adversely affect our business, financial conditions and result of operations*".

R&D and technological capabilities

We place a significant emphasis on continual R&D in order to improve and expand our product offering. We invest in our R&D for each of our business lines, including through investments in testing equipment, software, human resources and R&D centres. We aim to respond to innovation in our industry to ensure strong value proposition for our lighting and electrical products. For example, integration of software to products is becoming more important for us as the markets are becoming more technology-focused. Moreover, nimbleness and continued efforts placed on supporting customers' new product development programmes are critical to winning new business to ensure that we retain our share of customers' business.

Although we spend significant amounts on our R&D capabilities, we strive to do so in a cost effective, targeted manner in line with our goal of making new technologies available to the mass market. Accordingly, most of our R&D centres, and the majority of our engineers, are located in low-cost jurisdictions, such as India and the Czech Republic.

Typically, as we introduce new products, we recognise relatively higher margins on those products as compared to our older products. This is particularly the case for our Global Lighting Business as lighting continues to account for an increasing percentage of overall vehicle costs. See "*Industry Overview*" on page 129 of this Draft Red Herring Prospectus for further details. As products become more mainstream and commoditised, however, OEMs negotiate lower pricing for those products. Although this results in margin pressures over time, given our low cost manufacturing and R&D base we often retain such business even after it may become uneconomical for higher cost competitors.

See "*Risk Factors – Internal Risk Factors - Our failure to compete effectively in the highly competitive automotive components industry and to keep pace with advances with our R&D capabilities, including maintaining qualified engineers and staff, could result in the loss of customers, which could have an adverse effect on our business, results of operations, financial condition and future prospects*" for further discussion on the importance of developing our R&D capabilities".

Exchange Rates

A significant portion of our operations are outside of India. Accordingly, a large portion of our expenses are denominated in Euros and in US Dollars. Moreover, our subsidiary VLS reports its results of operations in Euros, which is then translated to the India Rupee for purposes of consolidation, our step-down subsidiaries in Mexico and the United States of America report their results of operations in US dollars (prior to FY2015, our Mexican subsidiary reported its accounts in Mexican Peso) and our step-down subsidiary in the Czech Republic reports its results of operations in Czech Koruna, which are then translated into Euros when consolidated at the VLS level. Hence, the carrying value of our offshore assets on our balance sheet, as well as the value of our revenue and expenses from our offshore operations on our profit and loss statement, depend significantly on the Euro-to-Rupee and USD-to-Rupee exchange rates. An appreciation of the Euro and US Dollar against the Rupee would have a positive impact on our results of operations, as the profit that we make from our international operations would be worth more in Rupee terms. Conversely, a depreciation of the Euro and US Dollar against the Rupee would have a negative impact on our results of operations, as the profit that we make from our international operations would be lower in Rupee terms.

In terms of our operational exposure to foreign exchange fluctuations, although our key offshore manufacturing facilities are in the Czech Republic, Mexico and China, we do not have significant exposure to the Czech Koruna, Mexican Peso and Chinese Renminbi. This is because a part of our offshore operations are naturally hedged, and therefore, we do not have any contract adjustment mechanics for our international operations. For example, in relation to our operations in the Czech Republic and Mexico, the procurement of raw materials, which account for at least 75% of their overall costs, is usually in Euros, US Dollars or other international currencies.

Moreover, we also directly export our products from India, which are usually paid for in USD or Euros. In order to mitigate foreign exchange risk on these exports, we enter into forward contracts for a number of currencies, including the US Dollar, and Euro, with the majority of our currency hedging being to hedge movements in the Euro-to-Rupee exchange rate.

We consolidate our offshore assets and liabilities on our balance sheet based on the year-end closing exchange rate, and we consolidate our offshore operations onto our profit and loss statement on the basis of average exchange rate for the year. The Euro-to-Rupee exchange rate has fluctuated significantly in recent years, seeing a sharp decrease from FY2015 to FY2016 and thereby lowering the Rupee-equivalent value of our sales in Europe, and then an increase in FY2017 and 9M FY2018 that helped to improve our results of operations in Rupee terms. As against the US Dollar, the Rupee depreciated from FY2015 to FY2017, though it again appreciated for 9M FY2018. The depreciation in the Rupee against the US Dollar has resulted in our sales in North America, which are primarily US Dollar denominated, being worth more in Rupee terms, thus helping improve our results of operations.

The following table sets forth the average Euro-to-Rupee exchange rate and US Dollar-to-Rupee exchange rate used for consolidation of our profit and loss statement for the periods indicated.

(₹)

	9M FY2018	FY2017	FY2016	FY2015
Average Euro-to-Rupee rate	74.22	73.58	72.26	76.87
Average US Dollar-to-Rupee rate	64.49	67.05	65.44	61.01

Our Current Funding Mix and Cost of Funding

We rely primarily on internal cash generated from our operations and third-party debt to fund our working capital and capital expenditure requirements, and in the future we may increase our borrowings in order to fund acquisitions as part of our growth strategy. Interest and finance charges have historically been a material part of our expenses, although they have decreased in absolute terms and as a percentage of our total income since FY2015. Some of our borrowings bear interest at floating rates, and so to the extent that interest rates decrease over time, it has a positive impact on our expenses (assuming constant levels of borrowings), and hence on our profit margins. Conversely, rising interest rates would result in increasing expenses and decreasing profit margins, unless we were to reduce the overall level of our borrowings.

We have also been able to lower our borrowing costs. We have been able to do this for a variety of reasons, including, in particular, the improvement of our credit rating in India as our financial strength has improved, which has allowed us to access cheaper sources of credit, commercial paper in particular. Additionally, decreasing interest rates have allowed us to refinance loans as they come due with cheaper sources of funding. Our borrowings in Europe typically bear lower interest rates than our borrowings in India, the United States of America and Mexico, given the lower cost of funding in Europe. We have taken advantage of this to improve our borrowing costs by paying down loan balances in the United States of America and Mexico and focusing on borrowing through our Czech operations, thereby leading to an overall improvement in borrowing costs in respect of VLS.

The table below sets forth certain details regarding the improvement in our long-term and short-term bank facilities credit rating as at the dates indicated:

	March 9, 2012	March 30, 2015
	CRISIL	CRISIL
Long-term bank facilities	A+/Stable	A+/Positive
Short-term bank facilities	A1	A1

	June 1, 2016	October 5, 2017
	ICRA	ICRA
Long-term bank facilities	AA-/Stable	AA-/Stable
Short-term bank facilities	A1+	A1+

The following table illustrates that although our borrowings have increased, our overall cost of borrowing has decreased from FY2015:

	9M FY2018	FY2017	FY2016	FY2015
	(₹ *in million*) unless otherwise stated			
Total Indebtedness (excluding liability portion of CCPS)	16,059.84	15,130.44	13,942.51	10,617.58
Finance costs (in relation to imputed interest and changes in liability portion of CCPS)	0	41.60	(1,267.47)	3,780.43
Finance costs other than imputed interest cost on CCPS	614.88	862.36	840.96	974.35
Finance costs (other than imputed interest cost on CCPS) as a percentage of total income (%)	0.83	0.89	1.02	1.38

For further details on CCPS see "*FY2017 compared to FY2016 – Imputed interest cost on CCPS*" on page 544 of this Draft Red Herring Prospectus. As a percentage of total income, our finance costs (other than imputed interest and changes in liability portion of CCPS) have decreased, from 1.38% in FY2015 to 1.02% in FY2016, decreased to 0.89% in FY2017 and were 0.83% in 9M FY2018. As at December 31, 2017, on a consolidated basis, we had aggregate outstanding borrowings of ₹16,059.84 million. For further details see "*Financial Indebtedness*" on page 555 of this Draft Red Herring Prospectus.

Basis of preparation of financial information

We have prepared our financial information for 9M FY2018, FY2017, FY2016 and FY2015 taking Ind AS as a base, in accordance with requirements of the Companies Act 2013, as amended.

We have prepared our consolidated financial information on an accrual basis under the historical cost convention, except for certain financial assets and liabilities and defined benefit plan assets, which are measured at fair value. We have applied the accounting policies adopted in the preparation of our consolidated financial information consistently across each of the years under review.

Under Ind AS, we account for interest in joint ventures, including our joint venture in China, using the equity method. Under the equity method, our investments are initially recognised at cost and adjusted thereafter to recognise our share of the post-acquisition profits or losses of the investee in our profit and loss, and our share of the post-acquisition other comprehensive income of the investee in our other comprehensive income. Dividends received or receivables from joint ventures are recognised as a reduction in the carrying amount of the investment.

Critical Accounting Estimates and Judgments

The preparation of our consolidated financial information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the accompanying disclosures. These judgments, estimates and assumptions are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances. Below is an overview of the areas that involve a higher degree of judgments or complexities and of items which are more likely to be materially adjusted due to estimates and assumptions to be different than those originally assessed. Detailed information about each of these judgments, estimates and assumptions is mentioned below. These judgments, estimates and assumptions are continually evaluated.

Goodwill Impairment: Key Assumptions used for Value-in-use Calculations

We test whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each cash generating unit operates.

Impairment of Financial Assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. We use our judgment in making these assumptions and selecting the inputs to the impairment calculation, based on our past history, existing market conditions as well as forward-looking statements at the end of each reporting period.

Fair Valuation of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in an active market, their fair value is measured using valuation techniques including the discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Defined Benefit Plan

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

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, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The mortality rate is based on publicly available mortality tables based on the country where the entity operates.

Those mortality tables tend to change only at interval in response to demographic changes.

Future salary increases and gratuity increases are based on expected future inflation rates of the respective country.

Deferred Tax

Deferred tax assets are reported only for loss carry forwards when it is probable that these amounts can be utilised against future taxable surpluses and against fiscal, temporary differences. At each balance sheet date, we assess whether the realisation of future tax benefits is sufficiently probable to recognised deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income or if changes in current tax regulations are enacted.

We investigate each year if there is an impairment requirement as regards deferred tax assets if any, regarding loss carry forwards. In addition, we investigate if it is appropriate to capitalise new deferred tax assets regarding the year's carry forward loss.

Non-recognition of Deferred Tax Liability on Undistributed Profits of Subsidiary

Some of our subsidiaries have undistributed earnings which, if paid out as dividends, could be subject to tax in the hands of the recipient. Although an assessable temporary difference exists, we have not recognised any deferred tax liability as we are able to control the timing of distributions from these subsidiaries and we do not expect these entities to distribute these profits in the foreseeable future.

Customer Claims

We have made accruals in respect of unsettled prices for some of our raw materials purchase contracts and finished goods sales contracts. These accruals are made considering the past settlement formula/communications with the vendor and customers respectively. We have assessed and believe that the timing of cash outflow pertaining to these accruals are uncertain, and hence considered the same as payable/receivable on demand and classified under current liabilities/assets respectively.

Description of Income Items

Our total income consists of revenue from operations and other income.

Revenue from operations

We generate revenue from our operations primarily through the sale of finished goods and traded goods, namely our exterior lighting products, polymers, electrical-electronics and metallic products to our customers and buying products to sell to the aftermarket. We also generate revenue through a variety of other means, including tooling revenue, the sale of our engineering services (where customers would pay for services such as engineering and product design and R&D) and other sources such as sales of prototypes, sales of scrap, wind and solar power generation and royalties.

Other Income

Our other income primarily consists of (a) net foreign exchange gains, (b) government grants that we receive, (c) gains on the sale of investments and (d) rental income from investment properties.

Description of Expenditure Items

The following table presents a breakdown of our expense items for 9M FY2018, FY2017, FY2016 and FY2015 in absolute terms:

	9M FY2018	**FY2017**	**FY2016**	**FY2015 (Pro forma)**
		(*₹ in million*)		
Raw materials costs				
Cost of materials consumed	44,461.07	59,731.20	49,906.32	41,911.02
Purchases of stock-in-trade	696.93	987.92	1,098.09	487.01
Changes in inventories of work-in-progress, stock-in-trade and finished goods................................	(289.44)	(351.60)	(511.93)	(467.43)
Total raw materials costs	**44,868.56**	**60,367.52**	**50,492.48**	**41,930.60**
Excise duty on sale of goods............	997.85	3,097.52	3,096.79	1,807.78
Employee benefits expense..............	9,590.77	12,037.50	10,399.27	9,022.48
Depreciation and amortisation expense	2,792.92	3,370.83	2,922.45	2,539.73
Finance costs other than imputed interest cost on CCPS	614.88	862.36	840.96	974.35
Imputed interest cost on CCPS	0	41.60	(1,267.47)	3,780.43
Other expenses.................................	12,149.18	14,765.31	12,491.01	10,578.05
Total expenses	**71,014.16**	**94,542.64**	**78,975.49**	**70,633.42**

Our total expenditure consists of the following:

- raw materials costs, which consists of the line items "cost of materials consumed", "purchases of stock-in-trade (traded goods)" and "changes in stock of finish goods, work-in-progress and stock-in-trade (traded goods)" ("**Raw Materials Costs**"):
  - cost of materials consumed primarily consists of the cost of raw materials that we use in the manufacture of our products, primarily ferrous, steel, electronic components and plastic materials for our India Business and resin for our Global Lighting Business;

- purchases of stock-in-trade (traded goods) primarily consisting of the goods purchased by our after-market division in India;
- changes in stock of finished goods, work-in-progress and stock-in-trade (traded goods) is the difference between our inventories at the start of the year and the end of the year;

- excise duty, which refers to excise duty paid with respect to products we manufacture on account of the sale of such products;
- employee benefits expense, which primarily consists of salaries, wages and bonuses, and to a lesser extent contribution to Provident and other funds, gratuity, pension funds, and other employment benefits, leave encashment and other staff welfare expenses;
- depreciation and amortisation expense, primarily on our property, plant and equipment and to a lesser extent on intangible assets and on investment property;
- finance costs, which primarily consists of (i) interest and finance charges on finance liabilities not at fair value through profit or loss, (ii) exchange differences regarded as an adjustment to borrowing costs, (iii) other borrowing costs, such as discounting charges on commercial paper that we issue at a discount to face value but which we pay in full on maturity and (iv) changes in estimates of cash flows of the liability portion of our compulsorily convertible preference shares; and
- other expenses, which primarily consist of (i) contract labour costs, (ii) water and electricity charges, (iii) freight and forwarding expenses, (iv) consumption of stores and spares and loose tools and (v) consumption of packing materials.

Description of share of net profits of investments accounted for using equity method, exceptional items and tax

Share of net profits of investments accounted for using equity method

Our share of net profits of investments accounted for using the equity method relates primarily to our pro rata share of the net profits from our joint venture in China.

Exceptional items

Exceptional items in FY2015 relate to a profit on the sale of a subsidiary of ours in Poland. In FY2015, the group sold its step down subsidiary i.e. I.M.E.S Poland. As the carrying amount of investment has been fully provided for in the books, the sale consideration, net of expenses, was shown as an exceptional item.

There were no exceptional items in FY2016, nor were there any exceptional items in FY2017.

Income tax

Our income tax expense consists of current tax and deferred tax (including MAT credit entitlement).

MAT credit entitlement refers to the carried forward amount of minimum alternate tax available for set off in subsequent years against tax payable under normal provisions of the Income Tax Act.

Auditor's Reservations, Qualifications and Adverse Remarks and Comments in the last Five Financial Years

We set out below the emphasis of matters and other remarks and comments included by our Auditors in the examination report in respect of the Restated Standalone and Consolidated Financial Information which do not require any adjustments in the financial information.

In addition, we set out below the steps that were taken by our Company for each of the emphasis of matter, as applicable:

Emphasis of Matters	Steps taken by our Company to address auditor's emphasis of matter
Fiscal 2013 (Restated Standalone Financial Information)	

Emphasis of Matters	Steps taken by our Company to address auditor's emphasis of matter
Adjustment of (a) provision for decline other than temporary in the value of investments in subsidiaries aggregating ₹78.2 million, (b) provision for guarantees given towards loans taken by a subsidiary aggregating ₹209.9 million and (c) provision made for losses aggregating ₹ 88.6 million arising on mark to market valuation of derivative option contracts entered into by our Company to hedge its foreign currency borrowings, made against the business reconstruction reserve in accordance with a scheme of arrangement approved by the Honourable High Court of Judicature at Bombay vide order dated June 18, 2010. Had the scheme not prescribed the above accounting treatment, the profit before tax for the year would have been lower by ₹376.7 million.	The Company has accounted for the transaction as per the High Court Order. There was no further action required.
Fiscal 2013 (Restated Consolidated Financial Information)	
Adjustment of (a) provision made for losses aggregating ₹88.6 million arising on mark to market valuation of derivative option contracts entered into by our Company to hedge its foreign currency borrowings and (b) provision for diminution in the value of investments of ₹8.0 million, made against the Business Reconstruction Reserve in accordance with a scheme of arrangement approved by the Hon'ble High Court of Judicature at Bombay vide order dated June 18, 2010. Had the scheme not prescribed the above accounting treatment, the loss before tax for the year would have been higher by ₹96.6 million.	The Group has accounted for the transaction as per the High Court Order. There was no further action required.

Results of Operations

The following table sets certain data from our statement of consolidated profit and loss, in absolute terms and as a percentage of our total revenue, for the periods indicated:

	9M FY2018	**FY2017**	**FY2016**	**FY2015 (Pro forma)**
	(₹ in million)			
Revenue from operations..........	73,939.01	96,085.40	82,189.00	69,507.70
Other income	215.20	937.29	206.20	876.94
Total Revenue	74,154.21	97,022.69	82,395.20	70,384.64
Expenses:				
Cost of materials consumed......	44,461.07	59,731.20	49,906.32	41,911.02
Purchases of stock-in-trade (traded goods)	696.93	987.92	1,098.09	487.01
Changes in stock of finished goods, work-in-progress and stock-in-trade (traded goods)	(289.44)	(351.60)	(511.93)	(467.43)
Excise duty	997.85	3,097.52	3,096.79	1,807.78
Employee benefits expense.......	9,590.77	12,037.50	10,399.27	9,022.48
Depreciation and amortisation expense	2,792.92	3,370.83	2,922.45	2,539.73
Other expenses	12,149.18	14,765.31	12,491.01	10,578.05
Finance costs other than imputed interest cost on CCPS	614.88	862.36	840.96	974.35
Imputed interest cost on CCPS .	0	41.60	(1,267.47)	3,780.43
Total expenses	71,014.16	94,542.64	78,975.49	70,633.42
Profit before exceptional items, share of net profits of investments accounted for using equity method and tax ..	3,140.05	2,480.05	3,419.71	(248.78)
Share of net profits of investments accounted for using the equity method	532.29	791.88	498.26	364.78
Profit before exceptional items and tax	3,672.34	3,271.93	3,917.97	116.00
Exceptional item......................	-	-	-	517.51
Profit before tax.....................	3,672.34	3,271.93	3917.97	633.51
Income Tax expense:				
Current tax...............................	851.21	574.36	517.56	359.19
Deferred tax.............................	(258.46)	(336.32)	(297.82)	106.23
Total tax expense	592.75	238.04	219.74	465.42
Profit for the year	**3,079.59**	**3,033.89**	**3,698.23**	**168.09**

We divide our business lines into our Global Lighting Business, our India Business and our Other Businesses.

The table below sets forth the corresponding breakdown of our revenue by business lines, for the periods indicated.

	9M FY2018	FY2017	FY2016	FY2015 (Pro forma)
		(₹ *in millions*)		
Global Lighting Business	44,319.63	61,241.89	48,197.61	44,330.26
India Business	26,650.66	31,680.58	30,806.03	21,188.43
Other Businesses...	2,968.72	3,162.93	3,185.36	3,989.01
Total	73,939.01	96,085.40	82,189.00	69,507.70

The table below sets forth the corresponding breakdown of our EBITDA by business lines, for the periods indicated.

	9M FY2018	FY2017	FY2016	FY2015 (Pro forma)
		(₹ *in millions*)		
Global Lighting Business	3,516.25	3,806.66	3,153.84	4,271.52
India Business	2,753.72	2,774.65	2,714.65	2,324.99
Other Businesses...	277.88	173.53	47.16	449.22
Total	6,547.85	6,754.84	5,915.65	7,045.73

The following table sets forth a reconciliation of our EBITDA to our profit for the period.

	9M FY2018	FY2017	FY2016	FY2015 (Pro forma)
		(₹ *in millions*)		
Profit for the period	3,079.59	3,033.89	3,698.23	168.09
Add:				
Depreciation and amortisation...........................	2,792.92	3,370.83	2,922.45	2,539.73
Finance costs other than imputed interest cost on CCPS……………………………………..	614.88	862.36	840.96	974.35
Imputed interest cost on CCPS..........................	-	41.60	-1,267.47	3,780.43
Income tax expense	592.75	238.04	219.74	465.42
Less:				
Exceptional items…………………………….	-	-	-	517.51
Share of net profits of investments accounted for under the equity method………………….	532.29	791.88	498.26	364.78
EBITDA	6,547.85	6,754.84	5,915.65	7,045.73

EBITDA is a supplemental measure of performance that is not required by, nor presented in accordance with, Indian GAAP and Ind AS. EBITDA is not a measurement of financial performance or liquidity under Indian GAAP or Ind AS, and should not be considered as an alternative to profit or any other performance measures derived in accordance with Indian GAAP or Ind AS, nor as an alternative to cash flow from operating activities as a measure of liquidity. In addition, EBITDA is not a standardized term, hence, a direct comparison between companies using this term may not be possible. We present EBITDA because we believe that it is frequently used by securities analysts, investors and other interest parties in evaluating companies in our industry, many of whom present such non-GAAP measures when reporting their results. We believe that EBITDA facilitates comparisons of our performance from period to period by eliminating potential differences caused by variations in capital structures (affecting interest expense), tax positions(affecting income tax expense) and the age and booked depreciation and amortisation of assets (affecting depreciation and amortisation).

9M FY2018

Revenue from operations

Our revenue from operations was ₹73,939.01 million for 9M FY2018, comprising of mainly sale of auto components, sale of engineering services and tooling revenue.

Other income

Our other income was ₹215.20 million for 9M FY2018, reflecting rent from investment properties, government grants and other miscellaneous income.

Expenses

Raw Materials Costs

Our raw materials costs were ₹44,868.56 million for 9M FY2018, which comprise the cost of raw materials used in the process of production of auto components and changes in inventories.

Excise Duty

We paid ₹997.85 million in excise duty in 9M FY2018 on the sales of finished products in India for the period 1st April 2017 to 30th June 2017.

Employee Benefits Expense

Our employee benefits expense was ₹9,590.77 million in 9M FY2018, comprising salaries and other benefits paid to employees engaged by us.

Depreciation and Amortisation Expense

Our depreciation and amortisation expense was ₹2,792.92 million in 9M FY2018, reflecting the depreciation charged on fixed assets and amortization of intangible assets.

Finance Costs

Our finance costs were ₹614.88 million in 9M FY2018, the reflecting cost of funds procured by us towards capital expenditure or working capital requirements.

Other Expenses

Our other expenses were ₹12,149.18 million in 9M FY2018, reflecting expenses incurred in relation to electricity charges, contract labour cost, repairs relating to plant and machinery and building, consumption of spares and packing material sales promotion and other general expenses relating to administration.

Tax Expense

Our tax expenses were ₹592.75 million in 9M FY2018 reflecting tax charges on income for the period.

Profit for the period

Primarily for the reasons stated above, our profit for the period was ₹3,079.59 million for 9M FY2018.

FY2017 compared to FY2016

Revenue from operations

Our revenue from operations increased by 16.9% to ₹96,085.40 million in FY2017 from ₹82,189.00 million in FY2016, primarily as a result of increase in sales from VLS in North America and Europe. Contributing to our increased revenue from VLS was a 1.8% appreciation in the Euro and 2.5% appreciation in the US Dollar for purposes of consolidating our offshore revenues. See "*Significant Factors Affecting our Results of Operations—Exchange Rates*" above.

Other Income

Other income mainly increased by 354.6% to ₹937.29 million in FY2017 from ₹206.20 million in FY2016, primarily because of net foreign exchange gains of ₹265.11 million in FY2017 as against net foreign exchange loss of ₹17.10 million in FY2016 (which formed part of our "other expenses" line item). Our net foreign exchange gains arose as a result of a combination of factors, including the restatement of liabilities due to the depreciation of Rupee against the Euros and USD, exchange gain due to the booking of forward contracts for export in Euros (where billing was at a lower Euros-to-Rupee exchange rate due to the depreciation of Rupee against Euros) mainly in India, as well as a fluctuations in document currency and functional currency of foreign currency items for overseas operations.

Expenses

Raw Materials Costs

Our raw materials costs increased by 19.6% to ₹60,367.52 million in FY2017 from ₹50,492.48 million in FY2016, which was roughly in line with our 16.9% increase in sales. Raw material costs also increased due to an increase in inward and outward freight (including premium freight) at our plant in Mexico and outsourced processes for new programmes.

Excise Duty

Our excise duty of ₹3,097.52 million in FY2017 was in line with our excise duty of ₹3,096.79 million in FY2016.

Employee Benefits Expense

Our employee benefits expense increased by 15.8% to ₹12,037.50 million in FY2017 from ₹10,399.27 million in FY2016, primarily due to an increase the number of employees to enable our Company to manage the increased volume of our operations, particularly at VLS and the impact of annual salary increments.

Depreciation and Amortisation Expense

Our depreciation and amortisation expense increased by 15.3% to ₹3,370.83 million in FY2017 from ₹2,922.45 million in FY2016, primarily as a result of capital expenditure at our VLS and India operations relating to the expansion of the facilities for the valves, forging and electrical divisions, setting up of new plants in the polymer division as well as costs relating to new model launches by our customers in the Czech Republic.

Finance cost other than imputed interest cost on CCPS

Our finance costs other than imputed interest costs on CCPS increased by 2.5% to ₹862.36 million in FY2017 from ₹840.96 million in FY2016, primarily as a result of additional borrowings at VLS to finance capital expenditures on the expansion of the facilities for the valves, forging and electrical division, setting up of new plants in the polymer division as well as costs relating to new model launches by our customers in the Czech Republic. The increase in finance cost was partially offset by regular repayment of borrowings and decrease in cost in India due to the replacement of high cost debt with low cost debt such as commercial paper.

Imputed interest cost on CCPS

Our imputed interest cost on CCPS was ₹41.60 million in FY2017 as compared to income of ₹1,267.47 million in FY2016. The FY2017 expense is on account of unwinding of interest while the FY2016 income is mainly on account of change in estimates of cashflows of the liability portion of CCPS. The CCPS were converted to equity shares on March 16, 2017.

Other Expenses

Our other expenses increased by 18.2% to ₹14,765.31 million in FY2017 from ₹12,419.01 million in FY2016, which was largely in line with our increased sales of 16.9%. In addition, we incurred higher professional fees at VLS as we had engaged consulting companies to support our operations in the optimisation of manufacturing and logistics processes used for the launches of certain new car models. Moreover, our contract labour expenses increased by 28.2% as a result of difficulties faced in the Czech Republic in finding local employees to meet the increasing production needs, thereby having to hire foreign workers from across the border in Poland.

Tax Expense

Our total tax expenses increased by 8.33% to ₹238.04 million in FY2017 from ₹219.74 million in FY2016. Our total tax expenses increased mainly on account of an increase in non-deductible expenses.

Profit for the Period

Primarily for the reasons stated above, our profit for the period decreased by 17.96% to ₹3,033.89 million in FY2017 as compared to ₹3,698.23 million in FY2016.

FY2016 compared to FY2015

Revenue from operations

Our revenue from operations increased by 18.2% to ₹82,189.00 million in FY2016 from ₹69,507.70 million in FY2015, primarily due to increased sales in India arising from the full year revenue of Varroc Polymers Private Limited, which became our wholly owned subsidiary effective from December 1, 2014. We also had increased revenue from VLS in North America and Europe. Partially offsetting our increased revenue in Europe was a 6.4% depreciation in the Euro for purposes of consolidating our offshore revenues, though our North American revenue benefited from a 7.3% appreciation in the US Dollar for purposes of consolidating our offshore revenues.

Other income

Our other income decreased by 76.5% to ₹206.20 million in FY2016 from ₹876.94 million in FY2015, primarily due to a foreign exchange loss of ₹17.10 million in FY2016 as against a foreign exchange gain of ₹542.89 million in FY2015.

Expenses

Raw Materials Costs

Our raw materials costs increased by 20.4% to ₹50,492.48 million in FY2016 from ₹41,930.60 million in FY2015, which outpaced our 18.2% increase in revenue primarily due to the full year impact of the acquisition of Varroc Polymers Private Limited and increased costs at our Mexico facility due to launch related issues, such as a sharp increase in volume for lamps for an American electric car manufacturer, which have high electronic content.

Excise Duty

We paid 71.3% more in excise duty in FY2016 than FY2015, increasing to ₹3,096.79 million in FY2016 from ₹1,807.78 million in FY2015, which was primarily on account of an increase in sales from India and the full year consolidation of Varroc Polymers Private Limited in FY2016 as against roughly four months in FY2015.

Employee Benefits Expense

Our employee benefits expense increased by 15.3% to ₹10,399.27 million in FY2016 from ₹9,022.48 million in FY2015, primarily as a result of increased operations at VLS, impact of annual salary increments and the full year consolidation of Varroc Polymers Private Limited.

Depreciation and Amortisation Expense

Our depreciation and amortisation expense increased by 15.1% to ₹2,922.45 million in FY2016 from ₹2,539.73 million in FY2015, primarily as a result of capital expenditure at our VLS and India operations in relation to the expansion, maintenance and building of new plants in our polymer division and full year consolidation of Varroc Polymers Private Limited.

Finance cost other than imputed interest cost on CCPS

Our finance costs decreased by 13.7% to ₹840.96 million in FY2016 from ₹974.35 million in FY2015, primarily as a result of repayment of loans and replacement of high cost debt with low cost debt, which was partially offset by full year consolidation of Varroc Polymers Private Limited.

Imputed interest cost on CCPS

Our imputed interest cost on CCPS was an income of ₹1,267.47 million in FY2016 as compared to an expense of ₹3,780.43 million in FY2015. This reduction is on account changes in estimate of cash flows of the liability portion of our CCPS following the conversion of CCPS into equity.

Other Expenses

Our other expenses increased by 18.1% to ₹12,491.01 million in FY2016 from ₹10,578.05 million in FY2015, which was in line with the increase of 18.2% in our revenue.

Tax Expense

Our total tax expenses decreased by 52.79% to ₹219.74 million in FY2016 from ₹465.42 million in FY2015, notwithstanding that our profit before tax, exceptional items and share of net profits of investments accounting for using the equity method increased from a loss of ₹248.78 million in FY2015 to a profit of ₹3,419.71 million in FY2016. Our tax expense decreased primarily as a result of (i) overseas tax rates averaging out across different jurisdictions, (ii) increased investment allowances resulting from increased capital expenditure, and (iii) an imputed interest income of ₹1,267.47 million in FY2016 as compared to an imputed interest expenses of ₹3,780.43 million in FY2015 relating to the liability portion of our CCPS.

Profit for the Period

Primarily for the reasons stated above, our profit for the period increased by 2,100.15% to ₹3,698.23 million in FY2016 as compared to ₹168.09 million in FY2015.

Liquidity and Capital Resources

Cash Flows

The following table sets forth our consolidated cash flows for 9M FY2018, FY2017, FY2016, and FY2015:

	9M FY2018	FY2017	FY2016	FY2015 (Pro forma)
		(₹in million)		
Net cash flow from operating activities	3,145.50	6,765.00	2,904.91	1,283.41
Net cash flow from investing activities	(4,573.68)	(5,654.35)	(5,785.21)	(2,453.90)
Net cash flow from financing activities	(287.60)	936.52	3,860.77	703.09
Net increase/ (decrease) in cash and cash equivalents	(1,715.78)	2,047.17	980.47	(467.40)

Cash in the form of cash at banks and on hand and short-term deposits with an original maturity of three months or less, together represents our cash and cash equivalents.

Cash Flows from Operating Activities

9M FY2018

Net cash flow from our operating activities was ₹3,145.50 million for 9M FY2018. Our profit before tax was ₹3,672.34 million, which was adjusted for non-cash and other items in a net amount of ₹2,751.91 million, resulting in an operating profit before working capital changes of ₹6,424.25 million.

The following key adjustments were made to operating profit before working capital changes to arrive at cash flow from operating activities:

- an increase in inventories of ₹434.40 million, primarily on account of the increase in volumes;
- an increase in trade receivables of ₹3,199.10 million, primarily on account of the increase in turnover;
- a decrease in other assets of ₹1,458.53 million, primarily on account of the decrease in balance with government authorities and unbilled receivables; and

- a decrease in trade payables of ₹562.89 million, primarily on account of lower purchases in the month of December 17 for overseas operations due to holidays on account of Christmas and new year.

- The cash generated from our operations was ₹4,096.91 million for 9M FY2018. We paid net direct taxes of ₹951.41 million.

FY2017

Net cash flow from our operating activities was ₹6,765.00 million in FY2017. Our profit before tax was ₹3,271.93 million, which was adjusted for non-cash and other items in a net amount of ₹3,309.98 million, resulting in an operating profit before working capital changes of ₹6,581.91 million.

The following key adjustments were made to operating profit before working capital changes to arrive at cash flow from operating activities:

- an increase in inventories of ₹1,023.00 million, primarily on account of higher business volumes in VLS's North American operations;

- an increase in other assets of ₹2,021.77 million, primarily on account of higher business volumes in VLS's North American operations; and

- an increase in trade payables of ₹3,380.50 million, primarily on account of the increase in business volume.

The cash generated from our operations increased to ₹7,276.92 million in FY2017 from ₹3,309.63 million in FY2016. We paid net direct taxes of ₹511.92 million.

FY2016

Net cash flow from our operating activities was ₹2,904.91 million in FY2016. Our profit before tax was ₹3,917.97 million, which was adjusted for non-cash and other items in a net amount of ₹1,907.16 million, resulting in an operating profit before working capital changes of ₹5,825.13 million.

The following key adjustments were made to operating profit before working capital changes to arrive at cash flow from operating activities:

- an increase in inventories of ₹949.11 million, primarily on account of higher business volumes in India and VLS;

- an increase in trade receivables of ₹2,431.93 million, primarily on account of the increase in revenue and partially offset by an increase in off balance sheet non- recourse factoring in our Czech operations;

- an increase in trade payables of ₹1,820.45 million, primarily on account of the increase in business volume; and

- a decrease in other liabilities and provisions of ₹1,164.33 million, primarily on account of a reduction in statutory payables and advance received from VLS customers.

The cash generated from our operations increased to ₹3,309.63 million in FY2016 from ₹1,857.85 million in FY2015. We paid net direct taxes of ₹404.72 million.

FY2015

Net cash flow from our operating activities was ₹1,283.41 million in FY2015. Our profit before tax was ₹633.51 million, which was adjusted for non-cash and other items in a net amount of ₹6,288.21 million, resulting in an operating profit before working capital changes of ₹6,921.72 million.

The following key adjustments were made to operating profit before working capital changes to arrive at cash flow from operating activities:

- an increase in inventories of ₹1,115.10 million, primarily on account of higher business volumes in India and VLS;

- an increase in trade receivables of ₹2,452.36 million, primarily on account of increase in revenue and offset by increase in off balance sheet non- recourse factoring in our Czech operations;
- a decrease in trade payables of ₹1,750.74 million, primarily on account of lower credit period enjoyed and settlement of some old pending claims; and
- an increase in other liabilities and provisions of ₹219.55 million, primarily on account of a reduction in statutory payables and advanced receive from customers of VLS.

The cash generated from our operations was ₹1,857.85 million in FY2015. We paid net direct taxes of ₹574.44 million.

Cash Flows from Investing Activities

9M FY2018

Net cash used in investing activities was ₹4,573.68 million during 9M FY2018, which primarily related to capital expenditure of ₹4,263.87 million. Our capital expenditures related to capacity expansion and maintenance of capacities. For a detailed breakdown of our capital expenditure, see "—*Capital Expenditures*" below.

FY2017

Net cash used in investing activities was ₹5,654.35 million during FY2017, which primarily related to capital expenditure of ₹6,288.75 million. Our capital expenditures related to capacity expansion and maintenance of capacities. For a detailed breakdown of our capital expenditure, see "—*Capital Expenditures*" below.

FY2016

Net cash used in investing activities was ₹5,785.21 million during FY2016, which primarily consisted of capital expenditure of ₹6,061.39 million. Our capital expenditures related to capacity expansion and maintenance of capacities. For a detailed breakdown of our capital expenditure, see "—*Capital Expenditures*" below.

FY2015

Net cash used in investing activities was ₹2,453.90 million during FY2015, which primarily consisted of capital expenditure of ₹3,526.19 million. Our capital expenditures related to capacity expansion and maintenance of capacities. For a detailed breakdown of our capital expenditure, see "—*Capital Expenditures*" below.

Cash Flows from Financing Activities

9M FY2018

Net cash used in financing activities was ₹287.60 million during 9M FY2018, which primarily consisted of a net increase in borrowings of ₹283.83 million and interest paid of ₹571.43 million.

FY2017

Net cash generated from financing activities was ₹936.52 million during FY2017, which consisted of a net increase in borrowings of ₹1,838.60 million for capital expenditure and working capital purposes, interest paid of ₹856.18 million and dividend payments of ₹45.90 million.

FY2016

Net cash generated from financing activities was ₹3,860.77 million during FY2016, which consisted of a net increase in borrowings of ₹4,752.36 million for capital expenditure and working capital purposes, interest paid of ₹849.88 million and dividend payments of ₹41.71 million.

FY2015

Net cash generated in financing activities was ₹703.09 million during FY2015, which consisted of an increase in borrowings (net of repayments) of ₹1,717.99 million for capital expenditure and working capital purposes, interest paid of ₹978.16 million and dividend payments of ₹36.74 million.

Borrowings

The following table provides the types and amounts of our outstanding indebtedness as per our audited financial statements as at December 31, 2017:

	As at December 31, 2017
	(₹ in million)
Long-term borrowings (including current maturities):	
Secured	
Debentures	
Non-convertible debentures of ₹1,000,000 each	1,300.00
Term loans	
From banks	
Rupee loans	613.19
Foreign currency loans	5,545.83
From financial institutions	493.88
Finance lease obligations	202.84
Buyer's credit (capital nature)	520.70
Unsecured	
Deferred sales tax loan	238.25
Total long-term borrowings..	8,914.69
Short-term borrowings:	
Secured..	
Cash credit	145.99
Working capital facilities	5,079.83
Factored receivables / bill discounting	323.94
Unsecured..	
Working capital facilities	
From financial institutions	455.34
Pre Shipment	150.00
Commercial papers	990.05
Total short-term borrowings	7,145.15
Total borrowings	16,059.84

For further details regarding the loans to which we are a party, including their terms and interest rates, see "*Financial Indebtedness*" on page 555 of this Draft Red Herring Prospectus.

Contractual Obligations and Commercial Commitments

The following table summarises our contractual obligations and commitments as at December 31, 2017:

	Payment due by period			
	On Demand	**< 1 year**	**1 to 5 years**	**Total**
	(₹ in million)			
Borrowings	145.99	9,159.56	6,754.29	16,059.84
Contractual obligation of Interest………………………..		340.19	523.36	863.55
Acceptances	-	400.01	-	400.01
Trade payables	-	15,716.12	-	15,716.12
Other financial liabilities..	35.37	2,549.87	5.52	2,590.76
Derivatives……………………………………………….	-	65.42	-	65.42
Total...	181.36	28,231.17	7,283.17	35,695.70

Capital Expenditure

Historical capital expenditure

The following table sets forth additions to property, plant and equipments globally and in India by category of expenditure, for each of the periods indicated below. These assets primarily relate to the expansion and maintenance of our manufacturing and engineering facilities.

	Total			
	9M FY2018	**FY2017**	**FY2016**	**FY2015 (Pro forma)**
	(₹ in million)			
Owned Assets				
Freehold land	-	-	3.20	49.30
Factory building	209.65	952.20	403.00	697.70
Office building	173.63	168.20	15.30	23.20
Plant and Machinery	2,253.52	3,949.80	2,786.65	3,479.10
Factory Equipment	177.46	497.10	278.60	301.20
Electrical Installation	2.72	104.30	41.50	132.80
Mould and Dies	62.94	91.70	142.90	112.90
Electrical Fitting	0.47	4.70	5.50	1.40
Office equipment	11.30	26.60	30.30	30.20
Tools and Instrument	186.04	175.30	382.90	259.00
Furniture and Fixtures	12.06	34.40	33.10	17.10
Computers	99.62	150.50	92.60	50.70
Vehicles	34.62	6.52	27.30	9.00
Total	**3,224.03**	**6,161.32**	**4,242.85**	**5,163.60**
Leased Assets				
Leasehold land	33.10	6.40	89.50	-
Buildings	-	-	-	-
Plant and machinery	-	-	285.10	-
Total	**33.10**	**6.40**	**374.60**	**-**
Total	**3,257.13**	**6,167.72**	**4,617.45**	**5,163.60**

The figures in the above table exclude the impact of exchange fluctuations.

Our capital expenditures on factory buildings, plant and machinery and factory equipment in FY2017 and FY2016 related primarily to VLS Czech and Chakan unit under the polymer division in India and in FY2016 VLS Czech and Gujarat plant under the polymer division in India respectively.

Planned capital expenditure

In FY2019, we expect to incur planned capital expenditures of approximately ₹8,453 million in relation to capacity expansion across all locations including India, the Czech Republic, Mexico and China, maintenance of existing facilities and the construction of the new plants of VLS Morocco and Brazil. This planned capital expenditure amount excludes the cost of an acquisition in Turkey. Our actual capital expenditures may differ from this amount due to various factors, including changes in our business plan, our financial performance, market conditions and changes in government regulations, as well as the factors described in the section of this Draft Red Herring Prospectus entitled "*Risk Factors*" beginning on page 19.

Contingent Liabilities

From time to time, we grant security over certain of our assets as collateral as well as issue corporate guarantees in respect of debt incurred by us. In addition, we also provide corporate guarantees in respect of loans taken by our overseas subsidiaries. Our contingent liabilities as at December 31, 2017 included the following:

Particulars	December 31, 2017
	(₹ in million)
Claims against the group not acknowledged as debt	
Disputed Excise and Service Tax matters	162.40
Income Tax matters	124.59
Sales Tax matters	39.57
Other money for which the Company is contingently liable	31.90
Claims (Contractual Penalties/damages) not acknowledged as debt	0.00
Others (includes bank guarantees issued to customers or government departments)	119.99
Total	478.45

Off-Balance Sheet Arrangements

In order to manage our working capital requirements and our exposure to credit risk, we enter into factoring arrangements through which we sell receivables to third parties without recourse to our Group. To enter into these arrangements, we pay our counterparty interest calculated as a percentage of the value of receivables they purchase. Because the sale of receivables to third parties transfers the risk and reward of those assets to the third parties, these are considered as off-balance sheet items.

We also enter into foreign exchange forward contracts, interest and principle swaps and options to hedge our exposure to foreign exchange rates.

Apart from these factoring arrangements and hedging activities, we do not have any off-balance sheet arrangements.

Significant Post-Balance Sheet Events

Except as disclosed in this Draft Red Herring Prospectus, we are not aware of any circumstances that have arisen since December 31, 2017, that materially and adversely affect, or are likely to affect, our operations or profitability, the value of our assets, or our ability to pay our liabilities within the next 12 months.

Quantitative and Qualitative Disclosure about Market Risk

We are, during the normal course of business, exposed to various types of market risks. Market risk is the risk of loss related to adverse changes in market prices, including interest rate risk and commodity risk. We are exposed to interest rate risk, commodity risk, foreign exchange risk, inflation risk and credit risk in the normal course of our business.

We operate internationally and a portion of our business is transacted in several currencies, and consequently we are exposed to foreign exchange risk through our sale and purchase of goods and services in the United States of America, Europe and elsewhere, and borrowings in various foreign currencies. The exchange rate between the Rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, our results of operations are affected positively/adversely as the rupee appreciates /depreciates against these currencies. We evaluate exchange rate exposure arising from these transactions and enter into foreign exchange forward contracts, interest and principle swaps and options to mitigate the risk of changes in exchange rates on foreign currency exposures. We follow established risk management policies, to hedge forecasted cash flows denominated in foreign currency. We have designated certain derivative instruments as cash flow hedges to mitigate the foreign exchange exposure of forecasted highly probable cash flows.

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 exposure to the risk of changes in market interest rates relates primarily to the fluctuation of the prevailing market interest rates relating to our long-term debt obligations with floating rates.

We currently have floating rate indebtedness, which constitutes a majority of our borrowings. The interest rates on certain of our indebtedness are subject to periodic resets. Fluctuations in interest rates or resets may increase the cost of both existing and new debts. Such changes in interest rates may affect our debt service obligations and our access to funds.

The sensitivity analysis below have been determined based on exposure to interest rate. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. With all other variables held constant, the group profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	**Increase / decrease in basis points**	**Effect on profit before tax**	**Variable rate cash credit and term loans balances**
		(₹ in million)		
December 31, 2017	INR	+100	-107.49	10,749.32
December 31, 2017	INR	-100	107.49	10,749.32
March 31, 2017	INR	+100	-108.20	10,818.90
March 31, 2017	INR	-100	108.20	10,818.90

For further information, please refer to "*Financial Indebtedness*" on page 555 of this Draft Red Herring Prospectus.

Commodity Risk

We are exposed to risks in respect of price and availability of certain commodities that we use in the process of manufacturing our products, in particular ferrous and non-ferrous metals for our Indian business and plastics and resins for our Global Lighting Business. The Indian automotive industry has experienced significant volatility with respect to and ferrous and non-ferrous metal prices. Although in India we primarily purchase raw materials back-to-back and in line with the terms and prices that are agreed with our customers, our cash flows may still be adversely affected because of any gap in time between the date of procurement of raw materials and the date on which we can reset the prices for our customers to account for the increase in the prices of such raw materials. In our Global Lighting Business, we typically agree a fixed per-unit price for raw materials for each purchase order, and thus bear the raw material price risk for such purchase order. See "*Business—Raw Materials*" on page 210 of this Draft Red Herring Prospectus for further details regarding our supply contracts.

Foreign Exchange Risk

Changes in currency exchange rates influence our results of operations. While we report our consolidated financial results in Indian Rupees, a significant portion of our income and expenses are generated or incurred in other currencies, such as the Euro and the US Dollar. Our offshore subsidiaries primarily undertake their operations in Euros, Kronos or Pesos, which is then translated to India Rupees for purposes of consolidation. Thus, any foreign exchange rate fluctuation will impact the carrying value of our Global Lighting Business' assets and liabilities on our balance sheet, as well as the value of revenues and expenses from our Global Lighting Business' operations.

As at December 31, 2017, we had ₹6,682.30 million of long-term foreign currency borrowings outstanding (₹1,323.98 million equivalent in USD, ₹5,205.8 million equivalent in Euro, and ₹152.52 million equivalent in Japanese Yen). For our Global Lighting Business including short-term loans, we borrow primarily in Euros, US Dollars, Yen and Rupee, and as such our global loan portfolio is not exposed to significant foreign exchange rate movements. We also have an overdraft facility for 110m Czech Koruna, but we have no outstanding amount against this facility as of December 31, 2017. As at December 31, 2017, most of our loans in foreign companies are in the currency in which there is matching inflows to that extent and hence there is a natural hedge available. In India, the majority of our foreign currency loans are hedged. For our Indian operations, we enter into forward contracts, in order to cover our foreign currency exposure, especially in case of trade transactions and capital goods that we import. We also currently use derivative instruments to modify the nature of our exposure to foreign currency fluctuations, mainly to foreign currency loans, so as to manage our foreign exchange risk.

For 9M FY2018 and FY2017, every percentage point appreciation/depreciation in the exchange rate between the Indian rupee and U.S. Dollar has affected our incremental operating margins by approximately ₹11.28 million and ₹13.68 million, respectively, and Euro by approximately ₹16.64 million and ₹48.33 million, respectively.

For more details on foreign exchange risk, see "*– Significant Factors Affecting our Results of Operations – Exchange Rates*" on page 535 of this Draft Red Herring Prospectus.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. We are exposed to credit risk from our operating activities, primarily from trade receivables. We typically have credit terms of 45 to 60 days with customers of our Global Lighting Business and of 15 to 60 days with customers of our India Business, save that our exports from India typically give customers 90 to 170 days credit terms. Most of our largest customers have high credit ratings, which helps to mitigate credit risk.

We are exposed to credit risk on monies owed to us by our customers. We have seven customers who represent 78% of our receivables as at December 31, 2017. As at December 31, 2017, we had trade receivables of ₹15,446.16 million. If our customers do not pay us promptly, or at all, we may have to make provisions for or write off such amounts. As at December 31, 2017, ₹157.38 million was provided for doubtful debts. However, we generally receive payments from these parties within due dates, and do not have significant credit risk related to these parties.

Customer credit risk is also managed by the group's established policies, procedures and control relating to customer credit risk management. Further, our customers include marquee OEMs and tier one companies, which have long standing relationship with us. Outstanding customer receivables are regularly monitored and reconciled.

Known Trends or Uncertainties

In addition to the other factors and trends discussed in this section, we also expect that the European and global financial cycles will have a material impact on our financial condition and results of operations, as it impacts the strength of the global economy and demand for automobiles, and consequently demand for our products.

Except as described in this section and "*Risk Factors*", to our knowledge, there are no trends or uncertainties that have had, or are expected to have, a material impact on our business or results of operation.

Seasonality

Our financial condition and results of operations may be affected by seasonal factors. Furthermore, some of our customers may have businesses that are seasonal in nature, and a downturn in demand for our products by such customers could reduce our revenue during such periods.

Our Global Lighting Business is particularly influenced by the calendar year cycle of global OEMs, which typically launch new vehicle models during the beginning of the calendar, which is the fourth quarter of our fiscal year. Moreover, a particular model may receive upgrades for the upcoming year and such upgrades may or may not utilise our automotive components. Accordingly, our Global Lighting Business generally has stronger results during our fourth quarter as global OEMs increase production of new models. However, automobile sales typically slow towards the end of the calendar year prior to manufacturers introducing new models.

In India, our business is mainly impacted by the timing and strength of the monsoon and by festive periods such as Diwali, particularly for two-wheeler components.

Unusual or Infrequent Events or Transactions

Other than as described in this section and the sections of this Draft Red Herring Prospectus entitled "*Our Business*", "*Risk Factors*" and "*History and Certain Corporate Matters—Material Agreements*" on pages 180, 19 and 226, there have been no events or transactions which may be described as "unusual" or "infrequent".

Significant economic changes that materially affected or are likely to affect revenue from operations

Other than as described in this section and the sections of this Draft Red Herring Prospectus entitled "*Our Business*", "*Risk Factors*" and "*Industry Overview*" on pages 180, 19 and 129, there have been no significant economic changes that materially affected or are likely to affect income from continuing operations.

Material Increases in Net Revenues and Sales

Material increases in our net revenues and sales are primarily due to the reasons described in *"-Results of Operations*" above on page 541.

Total Turnover of Each Major Industry Segment in which our Company Operated

We operate only in one industry segment (the auto-component manufacturing industry). Turnover data for this industry is not available to us.

Future Relationships between Costs and Income

Other than as described in this section and the sections of this Draft Red Herring Prospectus entitled "*Our Business*" and "*Risk Factors*" on pages 180 and 19, respectively, there are no known factors which will have a material adverse impact on our operations or finances.

New Product or Business Segments

Other than as described in the section of this Draft Red Herring Prospectus entitled "*Our Business*" on page 180, there are no new products or business segments in which we operate.

Competitive Conditions

For a description of the competitive conditions in which we operate, see the section of this Draft Red Herring Prospectus entitled "*Our Business—Competition*" and "*Industry*" on pages 215 and 129, respectively.

Suppliers or Customer Concentration

Other than as described in the sections of this Draft Red Herring Prospectus entitled "*Business—Customers*" and "*Risk Factors— Our business is dependent on certain major customers, with whom we do not have firm commitment agreements. The loss of such customers, a significant reduction in purchases by such customers, or a lack of commercial success of a particular vehicle model of which we are a significant supplier could adversely affect our business, results of operations and financial condition*" and the discussion of our credit risk in this section - "*Credit Risk"* above, we do not have any material dependence on a single or a few suppliers or customers.

FINANCIAL INDEBTEDNESS

Our Company and Subsidiaries avail loans in the ordinary course of business for the purposes of meetings our working capital requirements, financing its capital expenditure, general corporate purposes and funding acquisitions.

Set forth below is a brief summary of aggregate borrowings of our consolidated Borrowings as on February 28 2018:

(in ₹million)

Category of borrowing	Sanctioned amount	Outstanding amount*
Fund-based borrowings (A)	34,502.03	16,549.24
Non-fund based borrowings (B)	3,851.44	538.56
Total	**38,353.47**	**17,087.81**

*As on date, the index of charges on Ministry of Corporate Affairs website erroneously reflects certain charges in relation to secured borrowings availed by our Company. However, these secured borrowings are not included in "***Annexure VIIA - Restated Standalone Statement of Secured Borrowings***" and "***Annexure VII - Restated Standalone Statement of Secured Borrowings***" of the Restated Standalone Financial Information on pages 519 and 475, respectively.

Principal terms of the borrowings availed by our Company:

1. ***Prepayment***: The loans availed by our Company typically have prepayment provisions which allows for prepayment of the outstanding loan amount at any given point in time, subject to a prior consent or intimation from/to the lender. Such prepayment may be subject to conditions and prepayment penalties as decided by the lender at the time of such prepayment or as laid down in the facility documents.

2. ***Penalty***: The loans availed by our Company typically contain provisions prescribing penalties for delayed payment or default in the repayment obligations of our Company or delay in creation of the stipulated security or certain specified obligations, which typically range from 1 % p.a. to 24 % p.a. of the outstanding principal amount.

3. ***Events of Default:*** borrowing arrangements entered into by us contain standard events of default, including:

    a. Non-payment or default of any amounts due on the facility or loan obligation;

    b. Breach of any representation, warranty or undertaking furnished by our Company;

    c. Change in the shareholding pattern of our Company;

    d. Change in management or control of our Company;

    e. Any substantial change in the constitution or management of our Company without the prior written consent of the lender;

    f. Undertaking or effecting any scheme of amalgamation or reconstruction without the consent of the lender;

    g. Amending the constitution documents of our Company without the prior consent of the lender;

    h. Occurrence of any cross-default under any of the other financing facilities of our Company;

    i. Utilisation of funds for purposes other than the sanctioned purpose.

4. ***Negative Covenants:*** Our Company is not permitted to undertake the following events without the prior written consent of the lender:

    (i) change in the equity, shareholding pattern, management and operating structure of our Company.

    (ii) Reducing the shareholding of the Promoter and Promoter Group;

(iii) Affecting any material change in the management of our Company and making any modifications to the Memorandum of Association and Article of Association;

(iv) Change in constitution of our Company;

(v) Entering into any amalgamation, demerger, merger or corporate reconstruction;

(vi) Variation of the shareholding of the principal shareholders and Promoter, beyond 51% of the issued and paid up capital of our Company;

(vii) Creating encumbrance over the hypothecated properties and assets sale or disposing of fixed assets;

(viii) Transfer or investing of funds in any other concern.

Our borrowings at our Subsidiaries, including those outside of India, typically contain similar events of default and negative covenants to those described above. For the details in relation to financial indebtedness of our Company and our Subsidiaries, please see "*Financial Statements*" on page 263.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND OTHER MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding (1) criminal proceedings involving our Company, Subsidiaries, Joint Ventures, Directors or Promoter; (2) actions taken by statutory or regulatory authorities involving our Company, Subsidiaries, Joint Ventures, Directors or Promoter; (3) claims involving our Company, Subsidiaries, Joint Ventures, Directors or Promoter for any direct or indirect tax liabilities (disclosed in a consolidated manner giving the total number of claims and total amounts involved).

*Our Board, in its meeting held on February 6, 2018, has adopted a policy for identification of material civil litigations ("**Litigation Materiality Policy**") for the purposes of disclosure in this DRHP, the RHP and Prospectus, in accordance with the SEBI ICDR Regulations. In terms of the Litigation Materiality Policy, other than outstanding criminal proceedings, statutory or regulatory actions and tax litigations mentioned in point (1) to (3) above, all other pending civil litigation involving our Company, Directors, Promoters, Subsidiaries or Joint Ventures having a monetary amount of claim in excess of ₹ 28.60 million (which is more than one percent of the consolidated profit after tax of our Company as per the audited consolidated financial statements for the last Fiscal) would be considered material or the pending proceedings which in the opinion of the Board of Directors may have material impact on the business, operations and prospects or reputation of our Company.*

Further, the Litigation Materiality Policy clarified that for the purposes of the above, pre-litigation notices received by our Company, Subsidiaries, Joint Ventures, Directors or Promoter (excluding those notices issued by the statutory, regulatory or tax authorities or notices threatening criminal action) shall, unless otherwise decided by the Board, not be evaluated for materiality until such time that our Company or any of its Subsidiaries, Joint Ventures, Directors or Promoter, as the case may be, is impleaded as a defendant in the litigation proceedings before any judicial forum.

Further, except as disclosed in this section, there are no (i) outstanding proceedings initiated against our Company for economic offences; (ii) pending defaults or non-payment of statutory dues by our Company; (iii) material fraud committed against our Company in the last five years immediately preceding the date of this Draft Red Herring Prospectus; (iv) inquiry, inspection or investigation initiated or conducted under the Companies Act against our Company or Subsidiaries during the last five years immediately preceding the year of this Draft Red Herring Prospectus and prosecutions filed (whether pending or not); (v) fines imposed against or compounding of offences under the Companies Act done by our Company or our Subsidiaries, in the last five years immediately preceding the year of filing of this Draft Red Herring Prospectus; (vi) litigation or legal action, pending or taken against our Promoter by any ministry or Government department or statutory authority during the last five years immediately preceding the date of this Draft Red Herring Prospectus and any direction issued by such ministry or department on conclusion of such litigation or legal action; (vii) overdues or defaults to banks or financial institutions by our Company, and (viii) outstanding dues to small scale undertakings.

*Further, our Board, in its meeting held on February 6, 2018 has also adopted a policy for identification of material creditors ("**Creditors Materiality Policy**"), in terms of which, our Company considers such creditors 'material' to whom the amount due exceeds ₹ 299.68 million i.e. two percent of the consolidated trade payables of our Company as per the audited consolidated financial statements for the last Fiscal 2017, and accordingly, such material creditors have been disclosed in this Draft Red Herring Prospectus.*

Unless stated to the contrary, the information provided below is as of the date of this Draft Red Herring Prospectus.

All terms defined in a particular litigation disclosure below are for that particular litigation only.

I. Litigation initiated against our Company

A. Action by regulatory/ statutory authorities

On July 15, 2015, the National Green Tribunal, Western Zone, Pune Bench ("**NGT**") passed an order against our Company and other industries located in Waluj Industrial Area ("**NGT Order 1**") in the case filed by Raghunath Lohakare v/s. Maharashtra Pollution Control Board ("**MPCB**") and others. The NGT Order 1, *inter alia*, directed our Company to deposit ₹ 20 million in the escrow account of Collector of

Aurangabad as remedial costs for ground water contamination and soil degradation. MPCB vide its letter dated July 22, 2015 ("**MPCB Order**"), directed our Company to close down manufacturing facility at Waluj (Plant VII), due to alleged contamination of ground water by our Company and further directed to deposit ₹ 20 million in the escrow account as per the NGT Order 1. On July 24, 2015, our Company filed a writ petition ("**Writ Petition**") against the State of Maharashtra and MPCB before the High Court of Bombay, Aurangabad bench ("**High Court**"), requesting the High Court to, amongst other things, set aside the MPCB Order. On July 28, 2015, the High Court granted stay on MPCB Order. On March 29, 2016, our Company was impleaded as party to the proceedings before the NGT. On August 20, 2016, the High Court disposed of the Writ Petition. On December 7, 2016, NGT passed an order ("**NGT Order 2**"), directing MPCB to file revised calculations with respect to the proposed contribution to be paid towards remediation of contaminated ground in Waluj MIDC area, Aurangabad. On March 3, 2017, MPCB, based on revised calculations, directed our Company to deposit ₹ 0.20 million, which has been deposited by our Company. On January 30, 2018, NGT passed an order, *inter alia*, stating that the amount deposited by the companies covered in the NGT Order 2 was more than the remedial cost of contaminated ground in Waluj MIDC area, Aurangabad and ordered refund of the excess amount deposited. The matter is currently pending.

B. Tax proceedings

Sr. No.	Type of tax	No. of cases	Amount demanded/ in dispute (*in ₹million*)
1.	Direct tax	1	84.27
2.	Indirect tax	21	127.32

II. Litigation initiated by our Company

A. Criminal proceedings

Our Company has filed two complaints dated August 30, 2013 and January 14, 2016 under section 138 of the Negotiable Instruments Act, 1881 against Mohammed Saif Alam, Proprietor of New Taj Hero Honda, Bihar ("**Accused 1**") and Simerjit Singh Saberwal, Proprietor of Nirvair and Company ("**Accused 2**"), respectively, before the Judicial Magistrate First Class, Aurangabad, in relation to dishonour of various cheques issued by the Accused 1 and Accused 2 in favour of our Company for a total amount ₹ 2.07 million. These matters are currently pending.

III. Litigation initiated against our Subsidiaries

A. Civil proceedings

I.M.E.S., Italy

A.L.C.O.M. di Alaria Luigi S.n.c. ("**Alcom**") filed a case against I.M.E.S., Italy before the Primary Court of Torino (Tribunale civile di Torino) for the recovery of commission payable to Alcom. I.M.E.S., Italy appointed Alcom as an agent by granting a percentage of the sales of the Hughes customer. I.M.E.S., Italy denied the claims made by Alcom through its letter dated February 5, 2017 and subsequently on February 9, 2017 withdrew the contract with Alcom. The Primary Court of Torino (Tribunale civile di Torino) vide its order dated June 14, 2017, ordered, I.M.E.S., Italy to pay to Alcom Euro 180,102.89 as the amount due towards its old unpaid invoices, which was paid by I.M.E.S., Italy, on July 28, 2017. The remaining disputed amount of payables to Alcom is Euro 0.61 million and additional amount of interest for Euro 0.10 million. The remaining disputed amount in INR is ₹54.23 million (converted with exchange rate of Euro: INR being 76.93:1 as of December 29, 2017). The matter is currently pending.

B. Tax proceedings

Sr. No.	Nature of tax	No. of cases	Amount demanded/ in dispute
1.	Direct tax (INR)	3	₹ 116.49 million*
2.	Indirect tax (INR)	40	₹ 40.67 million

**Includes direct tax litigation amounting to Euro 1.50 million against I.M.E.S., Italy, converted with exchange rate of Euro: INR being 76.93:1 as of December 29, 2017.*

IV. Litigation initiated by our Subsidiaries

A. Criminal proceedings

I.M.E.S., Italy

In October 2016, cyber fraud was perpetrated on Baker Hughes, an I.M.E.S., Italy, customer, whereby Baker Hughes was induced by some unknown persons to credit their accounts for the amount due to I.M.E.S., Italy on account of the invoices raised in the name of I.M.E.S., Italy. The amount credited to fraudulent account by Baker Hughes on account of I.M.E.S. invoices was $274,428.81. I.M.E.S., Italy then initiated a legal action against unidentified individuals at the Public Prosecutor's Office of Milan through the State Police of Varese, section Postal Police and Communications. The investigations are ongoing and receipt of report is pending. The amount involved in INR is ₹17.54 million (converted with exchange rate of USD: INR being 63.93:1 as of December 29, 2017).

B. Civil proceedings

VPPL

VPPL ("**Petitioner**") filed a writ petition dated September 24, 2011 before the High Court of Madhya Pradesh (the "**Court**") challenging the order dated September 5, 2011 (the "**Order I**") passed by M. P. Paschim Kshetra Vidyut Vitaran Company Limited **("Respondent 1")** by which the request of the Petitioner made through the letters dated May 23, 2011 and July 27, 2011, for providing an electricity connection was rejected on the ground that Partap Steel and Rolling Mills Limited ("**Respondent 2**"), from whom the Petitioner had purchased land and who was the erstwhile customer of Respondent 1. Respondent 2 had outstanding dues aggregating to ₹ 77.77 million payable to the Respondent 1 and prayed for the issuance of directions to Respondent 1 for providing the electricity connection to VPPL and quashing the Order I. The Court issued an order dated November 21, 2011 ("**Order II**"), directing Respondent 1 to issue electricity connection to the Petitioner within 30 days from the date of the order and further set aside order dated September 5, 2011. Respondent 1 challenged the Order II, by an appeal dated January 24, 2012, before the Division Bench of the Court. The Division Bench by its order dated March 15, 2012 ("**Order III**"), directed the VPPL to pay 50% of the outstanding amount and furnish a bank guarantee for the remaining 50% of the amount in favour of Respondent 1 as an interim measure and on completion of the necessary formalities Respondent 1 was directed to issue electricity connection to the VPPL. On April 12, 2012, VPPL filed Special Leave Petition in Supreme Court of India (the "**Supreme Court**") against the Order III. On October 9, 2012, Supreme Court passed an order ("**Order IV**") directing Respondent 1 to provide Petitioner with a new electricity connection subject to all required formalities which are to be observed by the Petitioner for obtaining such connection. The Order IV was not clear in relation to the direction of Divisional Bench of Court for depositing of 50% of amount in question and furnishing bank guarantee for the balance 50% of the amount. VPPL filed an interim application before the Supreme Court seeking clarification and/or modification of the Order IV. The Supreme Court by its order dated January 30, 2013, clarified Order IV and directed that new electricity connection be provided to Petitioner subject to all formalities being observed and further granted a stay on the directions of the Division Bench of the Madhya Pradesh High Court requiring VPPL to pay 50% of the outstanding amount and furnish a bank guarantee for the remaining 50% of the amount. The matter is currently pending.

V. Litigation initiated against our Directors

A. Criminal proceedings

Gautam Khandelwal

Manganese Ore India Limited filed a complaint on December 13, 2005, against Nagpur Power and Industries Limited ("**NPIL**") and all directors of NPIL including Gautam Khandelwal, executive director of NPIL, before District Court of Nagpur under Section 138 of the Negotiable Instruments Act. The amount involved in the matter is ₹ 3.55 million. The matter is currently pending.

VI. Material frauds

There are no material frauds committed against our Company, in the last five fiscals.

VII. Proceedings initiated against our Company for economic offences

As on date of this Draft Red Herring Prospectus, there are no proceedings initiated against our Company for any economic offences.

VIII. Inquiries, inspections or investigations under Companies Act

Except as stated below, there have been no inquiries, inspections or investigations initiated or conducted under the Companies Act, as applicable, against us or our Subsidiaries in the last five years, and no prosecution has been filed, or fines imposed, or compounding done by us or our Subsidiaries under the Companies Act, as applicable, in the last five years, except the following:

(a) Our Company received a show cause notice dated March 27, 2017 from the Assistant Director of the Cost Audit Branch of the Ministry of Corporate Affairs, directing our Company to explain reason for non-submission of the cost audit report for Fiscal 2015 within the statutory time limits, thereby resulting in violation of applicable provisions of Companies Act, 2013 (the "**2017 SCN**"). Our Company filed a reply dated April 14, 2017 to the 2017 SCN stating that by virtue of MCA notification dated June 30, 2014, cost audit provisions under the Companies (Cost Records and Audit) Rules, 2014 were not applicable to our Company. No further communication has been received from the MCA in this matter.

(b) Our Company received a show cause notice dated April 30, 2015 from the Assistant Director of the Cost Audit Branch of the Ministry of Corporate Affairs, directing our Company to explain the reason for non- submission of the cost audit report within the statutory time limit, for Fiscal 2012, and consequent violation of applicable provisions of Companies Act, 1956 (the "**2015 SCN**"). Our Company filed a reply dated April 30, 2015 to the 2015 SCN stating that cost audit provisions under the Companies Act, 1956 and rules made thereunder were not applicable to our Company. No further communication has been received from the MCA in this matter.

(c) VPPL received a show cause notice dated March 27, 2017 from the Assistant Director of the Cost Audit Branch of the Ministry of Corporate Affairs, directing VPPL to explain the reason for non-submission of the cost audit report for Fiscal 2015 within the statutory time limits and consequent violation of the applicable provisions of Companies Act, 2013 (the "**VPPL 2017 SCN**"). VPPL filed a reply dated April 14, 2017 to the VPPL 2017 SCN stating that by virtue of MCA notification dated June 30, 2014, cost audit provisions under the Companies (Cost Records and Audit) Rules, 2014 were not applicable to VPPL for Fiscal 2015. No further communication has been received from the MCA in this matter.

IX. Defaults or non-payment of statutory dues payable by our Company

Our Company has no outstanding defaults in relation to statutory dues payable.

X. Small scale undertakings or any other creditors

As of December 31, 2017, we had 4,961 creditors.

In terms of the Creditors Materiality Policy, trade payables exceeding 2% of the total trade payables for as at December 31, 2017 amounting to ₹ 2,259.69 million, are material dues for us.

Particulars	(₹ in million)
Dues to micro enterprises and small enterprises	17.56
Material dues to creditors	2,259.69
Other dues to creditors	13,438.87
Total	**15,716.12**

The details pertaining to amounts due towards such material creditors are available on the website of our Company at the following link: http://varrocgroup.com/creditors

XI. Outstanding litigation against any other person whose outcome could have an adverse effect on our Company

There is no outstanding litigation, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offences, tax liabilities, prosecution under any enactment in respect of Schedule V of the Companies Act, 2013, show cause notices or legal notices pending against our Company, Subsidiaries, Directors, Promoters, Joint Ventures, any other person whose outcome could affect the operations or finances of our Company or have a material adverse effect on the position of our Company.

XII. Adverse findings against any persons/entities connected with our Company as regards non-compliance with securities laws

There are no adverse findings involving any persons/entities connected with our Company as regards non-compliance with securities law.

XIII. Disciplinary action taken by SEBI or stock exchanges against our Company

There are no disciplinary actions taken by SEBI or stock exchanges against our Company, or its Directors.

XIV. Material Developments

There have been no material developments post December 31, 2017.

GOVERNMENT AND OTHER APPROVALS

Except as disclosed herein and in "Risk Factors" on page 19, our Company, our Indian Subsidiaries, key overseas Subsidiaries and Joint Ventures have obtained all material consents, licenses, permissions and approvals from various governmental, statutory and regulatory authorities for their respective manufacturing facilities, which are necessary for undertaking their business. The list below is indicative and does not include Offer and incorporation related details of our Company, which are set out in the section "Other Regulatory and Statutory Disclosures" and "History and Certain Corporate Matters" on pages 567 and 220, respectively. In view of these approvals, our Company and its Indian Subsidiaries can undertake their current business activities. Unless stated otherwise, our Company, our Indian Subsidiaries, key overseas Subsidiaries and Joint Ventures have obtained necessary approvals from the relevant government authorities with respect to their manufacturing facilities and such approvals are valid as on the date of this Draft Red Herring Prospectus.

The material approvals, consents, licenses, registrations and permits obtained by our Company, our Indian Subsidiaries, which enable it to undertake its current business activities, are set out below:

A. Approvals in relation to our Company and Indian Subsidiaries' establishments and business operations

(a) Consent to operate issued by the respective pollution control boards under the Water (Prevention and Control of Pollution) Act 1974 and Air (Prevention and Control of Pollution) Act 1981;

(b) Authorization issued by the respective pollution control boards, wherever applicable, under the Hazardous and other Wastes (Management and Transboundary Movement) Rules, 2016;

(c) License to work a factory issued by the Directorate of Factories of the relevant state government under the Factories Act, 1948;

(d) No objection certification from the relevant fire and emergency authorities in different states of India, as applicable;

(e) Shops and establishments registrations issued by the office of the relevant authorities for offices of our Company and Indian Subsidiaries, wherever applicable.

(f) Export Registration cum membership certificate under the Foreign Trade (Development & Regulation) Act, 1992

B. Tax related approvals

(a) Permanent account number issued by the Income Tax Department under the Income Tax Act, 1961;

(b) Tax deduction account number issued by the Income Tax Department under the Income Tax Act, 1961;

(c) GST Registration issued under Goods and Service Tax Act, 2017 for our corporate office for GST payments;

(d) GST registrations issued under Goods and Service Tax Act, 2017 for our manufacturing facilities.

C. **Employee and labour related approvals**

(a) Registration for employees' provident fund issued by the Employees' Provident Fund Organisation under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952;

(b) Registration for employees' insurance issued by the Regional Office, Employees State Insurance Corporation of different states in India under the Employees' State Insurance Act, 1948; and

(c) Certificate for contract labour issued by the Office of the Registering Officer, under the Contract Labour (Regulation and Abolition) Act, 1970.

Unless stated below, our Company, our Indian Subsidiaries, key overseas Subsidiaries and Joint Ventures have obtained necessary approvals from the relevant government authorities with respect to their manufacturing facilities:

D. Approvals applied for but not received

I. Our Company

(a) Application dated December 26, 2017 for grant of provisional no objection certification from the Maharashtra Industrial Development Corporation under Maharashtra Fire Prevention and Life Safety Measures Act, 2006 and Maharashtra Fire Prevention and Life Safety Measures Rules 2009 for VEPL VI.

II. Indian Subsidiaries

1. VPPL

(a) Application dated February 15, 2018 for grant of final no objection certification from the Maharashtra Industrial Development Corporation under Maharashtra Fire Prevention and Life Safety Measures Act, 2006 and Maharashtra Fire Prevention and Life Safety Measures Rules 2009 for VPPL I.

(b) Application dated December 21, 2017 for grant of provisional no objection certification from the Maharashtra Industrial Development Corporation under Maharashtra Fire Prevention and Life Safety Measures Act, 2006 and Maharashtra Fire Prevention and Life Safety Measures Rules 2009 for VPPL II.

2. Team Concepts

(a) Application dated January 7, 2018 for grant fire advisory certificate from Karnataka Industrial Development Corporation under Karnataka Fire Services Act, 1964.

3. Durovalves India

(a) Application dated March 8, 2018 for grant of final no objection certification from the Maharashtra Industrial Development Corporation under Maharashtra Fire Prevention and Life Safety Measures Act, 2006 and Maharashtra Fire Prevention and Life Safety Measures Rules 2009.

E. Renewals applied for but not yet received

I. Our Company

(a) Application dated March 15, 2018 for renewal of the Export Registration cum membership certificate under the Foreign Trade (Development & Regulation) Act, 1992, which is currently valid upto March 31, 2018.

(b) Application dated January 10, 2018 for the renewal of registration issued by the Maharashtra Pollution Control Board for consent to operate under the Water (Prevention and Control of Pollution) Act 1974, Air (Prevention and Control of Pollution) Act 1981 and under the Hazardous and other Wastes (Management and Transboundary Movement) Rules, 2016 for VEPL I.

(c) Application dated October 31, 2017 for renewal of license to work a factory issued by the Directorate of Factories under the Factories Act, 1948 for VEPL I.

(d) Application dated October 30, 2017 for the renewal of certificate of registration for contract labour issued by the Office of the Registering Officer, under the Contract Labour (Regulation and Abolition) Act, 1970 for VEPL I.

(e) Application dated March 19, 2017 for renewal of provisional no objection certification from the Maharashtra Industrial Development Corporation under Maharashtra Fire Prevention and Life Safety Measures Act, 2006 and Maharashtra Fire Prevention and Life Safety Measures Rules 2009 for VEPL I.

(f) Application dated December 31, 2017 for the renewal of certificate of registration for contract labour issued by the Office of the Registering Officer, under the Contract Labour (Regulation and Abolition) Act, 1970 for VEPL III.

(g) Application dated October 27, 2017 for renewal of license to work a factory issued by the Directorate of Factories under the Factories Act, 1948 for VEPL III.

(h) Application dated October 31, 2017 for renewal of license to work a factory issued by the Directorate of Factories under the Factories Act, 1948 for VEPL IV.

(i) Application dated October 31, 2017 for renewal of certificate for contract labour issued by the Office of the Registering Officer, under the Contract Labour (Regulation and Abolition) Act, 1970 for VEPL IV.

(j) Application dated October 28, 2017 for renewal of certificate for contract labour issued by the Office of the Registering Officer, under the Contract Labour (Regulation and Abolition) Act, 1970 for VEPL VI.

(k) Application dated October 30, 2017 for renewal of license to work a factory issued by the Directorate of Factories under the Factories Act, 1948 for VEPL VI.

(l) Application dated October 27, 2017 for the renewal of certificate for contract labour issued by the Office of the Registering Officer, under the Contract Labour (Regulation and Abolition) Act, 1970 for VEPL- AMD.

(m) Application dated March 27, 2018 for license to work a factory issued by the Joint Director of Industrial Safety and Health under the Factories Act, 1948 for VEPL- CN.

II. Our Subsidiaries

VPPL

(a) Application dated March 15, 2018 for renewal of the Export Registration cum membership certificate under the Foreign Trade (Development & Regulation) Act, 1992, which is currently valid upto March 31, 2018.

(b) Application dated April 27, 2017 for the renewal of no objection certification issued by the Haryana Industrial Development Corporation under Haryana Fire Service Act, 2009 for VPPL-BN.

(c) Application dated October 30, 2017 to Joint Director of Industrial Safety and Health, Kanchipuram for renewal of license to work a factory issued by the Directorate of Factories under the Factories Act, 1948 for VPPL- CN.

(d) Application dated October 29, 2017 for renewal of certificate for contract labour issued by the Office of the Registering Officer, under the Contract Labour (Regulation and Abolition) Act, 1970 for VPPL I.

(e) Application dated October 27, 2017 for renewal of license to work a factory issued by the Directorate of Factories under the Factories Act, 1948 for VPPL I.

(f) Application dated October 30, 2017 for renewal of certificate for contract labour issued by the Office of the Registering Officer, under the Contract Labour (Regulation and Abolition) Act, 1970 for VPPL IV.

(g) Application dated November 1, 2017 for renewal of registration issued by the Uttar Pradesh Pollution Control Board under the Hazardous and other Wastes (Management and Transboundary Movement) Rules, 2016 for VPPL- GN.

(h) Application dated October 23, 2017 for renewal of license to work a factory issued by the Directorate of Factories under the Factories Act, 1948 for VPPL- GN.

(i) Application dated October 30, 2017 for certificate of contract labour to be issued by the Office of the Registering Officer under the Contract Labour (Regulation and Abolition) Act, 1970 for VPPL- TR.

(j) Application dated January 29, 2018 for renewal of license to work a factory issued by the Directorate of Factories under the Factories Act, 1948 for VPPL- PH.

Durovalves India

(a) Application dated March 15, 2018 for renewal of the Export Registration cum membership certificate under the Foreign Trade (Development & Regulation) Act, 1992, which is currently valid upto March 31, 2018.

Varroc Lighting Systems

(a) Application dated March 22, 2018 for renewal of the Export Registration cum membership certificate under the Foreign Trade (Development & Regulation) Act, 1992, which is currently valid upto March 31, 2018.

(b) Application dated October 25, 2017 for the renewal of certificate for contract labour issued by the Office of the Registering Officer, under the Contract Labour (Regulation and Abolition) Act, 1970.

Varroc TYC Auto Lamps

(a) Application dated February 6, 2017 for renewal of pollutant discharge permit from the Environmental Protection Department of Xinbei District, Changzhou, China

F. Approvals applicable but not applied

Varroc TYC Auto Lamps (CQ)

(a) Drainage permit from Changzhou Urban and Rural Construction Bureau for its sewage discharge.

G. Renewal of licenses applicable but not applied

Our Company

(a) Certificate of registration issued under the Legal Metrology Act, 2009 and the Legal Metrology (Packaged Commodities) Rules, 2011 for VEPL- AMD.

(b) License to work a factory issued by the Directorate of Factories under the Factories Act, 1948 for VEPL AMD.

(c) Fire License issued by Tamil Nadu Fire and Rescue Service for VEPL- CN.

(d) Certificate of Contract Labour issued by Joint Director, Industrial Safety and Health-Kanchipuram for VEPL- CN

H. Intellectual property

For details in relation to the intellectual property, see *"Our Business – Intellectual Property"* on page 213.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

Corporate Approvals

- Our Board of Directors has authorized the Offer by a resolution dated February 6, 2018.
- This Draft Red Herring Prospectus has been approved by the Board of Directors on March 25, 2018 and IPO Committee on March 28, 2018.

Approvals from the Selling Shareholders

The Selling Shareholders have approved the transfer of their respective portion of the Equity Shares pursuant to the Offer for Sale as set out below:

S. No.	Name of the Selling Shareholder	Date of authorization	Date of consent letter	Number of Equity Shares offered for sale
1.	Tarang Jain	NA	February 5, 2018	1,752,560
2.	Omega TC Holdings Pte. Ltd.	February 5, 2018	March 28, 2018	15,373,608
3.	Tata Capital Financial Services Limited	January 29, 2018	March 28, 2018	1,410,432
Total				**18,536,600**

Each Selling Shareholder specifically confirms that, as required under Regulation 26(6) of the SEBI ICDR Regulations, it has held the Equity Shares proposed to be offered and sold by it in the Offer for a period of at least one year prior to the date of filing of this Draft Red Herring Prospectus or, to the extent that the Equity Shares being offered by such Selling Shareholder in the Offer have not been held by it for a period of at least one year prior to the filing of this Draft Red Herring Prospectus, such Equity Shares have resulted from conversion of convertible securities that have been held for a period of at least one year prior to the filing of this Draft Red Herring Prospectus. Therefore, the Equity Shares offered by the Selling Shareholders in the Offer are eligible to be offered for sale in the Offer. Each Selling Shareholder has severally confirmed that it is the legal and beneficial owner of the respective Offered Shares.

In-principle Listing Approvals

Our Company has received in-principle approvals from the BSE and the NSE for the listing of our Equity Shares pursuant to letters dated [•] and [•], respectively.

Prohibition by SEBI, RBI or Governmental Authorities

None of our Company, our Promoter, the members of the Promoter Group, our Directors or persons in control of our Company are or have ever been debarred from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or direction passed by the SEBI or any other governmental authorities. Neither our Promoter, nor any of our Directors or persons in control of our Company were or are a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions passed by SEBI or any other governmental authorities. Further, there have been no violations of securities laws committed by any of them in the past or are currently pending against them.

However, SEBI passed an interim order dated April 20, 2009, against GHCL Limited, its chairman, its managing director, its company secretary and its promoter entities for failure to report an accurate shareholding pattern of GHCL Limited in the calendar year 2008. The filings made by GHCL Limited to the stock exchanges stated that Naresh Chandra and his wife, Suman Jain, were referred as part of the promoter entities of GHCL Limited. Naresh Chandra is the Chairman and Non-Executive Director of our Board, and both he and Suman Jain are also members of the Promoter Group. The order directed, among others, GHCL Limited, Naresh Chandra and Suman Jain, not to buy, sell or deal in the securities market. Naresh Chandra and Suman Jain, along with certain promoter entities of GHCL Limited, filed their objections before SEBI. The aforesaid interim order against Naresh Chandra and Suman Jain was vacated, by SEBI, pursuant to an order dated July 7, 2009. Further, the interim order against

GHCL Limited was also revoked by SEBI by its order dated March 14, 2011. As of the date of this Draft Red Herring Prospectus, there is no restriction or prohibition on GHCL Limited, Naresh Chandra and Suman Jain, from buying, selling or dealing in the securities market. Naresh Chandra and Suman Jain do not currently hold any position at GHCL Limited, however, they remain shareholders of GHCL Limited.

Each Selling Shareholder, severally and not jointly, specifically confirms that it has not been debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authority. Further, each Selling Shareholder, severally and not jointly, specifically confirms that it has not been declared as a wilful defaulter, as defined under the SEBI ICDR Regulations. There are no violations of securities laws committed by any of the Selling Shareholders in the past or are currently pending against any of them.

None of our Directors are in any manner associated with the securities market, including securities market related business and no action has been taken by the SEBI against our Directors or any entity in which our Directors are involved as promoters or directors.

Neither our Company, nor our Subsidiaries, nor our Promoter, nor any member of the Promoter Group nor our Directors are or have been declared as wilful defaulters, as defined by the SEBI ICDR Regulations.

The listing of any securities of our Company or our Subsidiaries has never been refused at any time by any of the stock exchanges in India or abroad.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with the Regulation 26(1) of the SEBI ICDR Regulations, as described below:

A. Our Company has net tangible assets of at least ₹ 30 million in each of the preceding three full years (of 12 months each). As the Offer is being made entirely through an Offer for Sale, the limit of not more than 50% of net tangible assets being held in monetary assets is not applicable.

B. Our Company has a minimum average pre-tax operating profit of ₹ 150 million, calculated on a restated and consolidated basis, during the three most profitable years out of the immediately preceding five years;

C. Our Company has a net worth of at least ₹ 10 million in each of the three preceding full years (of 12 months each);

D. Our Company has not changed its name in during the last one year except to reflect its conversion to a public company on February 5, 2018. For details of changes in the name of our Company, see "*History and Certain Corporate Matters*" on page 220;

E. The pre-Offer net worth of our Company, based on the audited balance sheet as at March 31, 2017 is ₹ 21,853.74 million on a restated consolidated basis and is ₹ 9,472.42 million on a restated standalone basis, and five times of such pre-Offer net worth is ₹ 109,268.75 million on a consolidated basis and ₹ 47,362.10 million on a standalone basis, respectively. The aggregate of the proposed Offer and all previous issues made in the same financial year in terms of issue size is not expected to exceed five times its pre-Offer net worth as per the audited restated balance sheet of the preceding financial year, either on a standalone or consolidated basis;

F. Our Company's net tangible assets and net worth derived from the Restated Standalone Financial Information and the Restated Consolidated Financial Information for the last five financial years included in this Draft Red Herring Prospectus, is set forth below:

Standalone

(in ₹ million)

Particulars	March 31, 2017#	March 31, 2016#	March 31, 2015#	March 31, 2014##	March 31, 2013##
Net worth*	9,472.42	6,999.68	2,948.53	8,675.28	5,082.81
Net tangible assets**	9,430.25	6,999.83	2,975.30	8,857.49	5,248.06

'Net tangible assets' in accordance with Ind AS means the sum of all net assets of our Company, excluding deferred tax assets / liability (net) and intangible assets as per Ind AS 12 and Ind AS 38, respectively as defined under Companies Act (Indian Accounting Standards) Rules, 2015 under section 133 of Companies Act, 2013.

***'Net Worth' means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off), the debit balance of the profit and loss account and minority interest each on restated basis.*

#Prepared in accordance with Ind AS.

##Prepared in accordance with IGAAP.

Consolidated

(in ₹ million)

Particulars	March 31, 2017#	March 31, 2016#	March 31, 2015#	March 31, 2014##	March 31, 2013##
Net worth*	21,853.75	17,628.77	10,824.89	10,949.22	7,106.22
Net tangible assets**	20,297.55	16,294.38	10,155.50	9,988.18	6,634.09

**'Net tangible assets' in accordance with Ind AS means the sum of all net assets of our Company, excluding deferred tax assets / liability (net) and intangible assets as per Ind AS 12 and Ind AS 38, respectively as defined under Companies Act (Indian Accounting Standards) Rules, 2015 under section 133 of Companies Act, 2013.*

***'Net Worth' means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off), the debit balance of the profit and loss account and minority interest each on restated basis.*

#Prepared in accordance with Ind AS.

##Prepared in accordance with IGAAP.

G. Our Company's average pre-tax operating profit derived from the Restated Standalone Financial Information of our Company for the last five financial years, as included in this DRHP, is set forth below:

(in ₹ million)

Particulars	March 31, 2017#	March 31, 2016#	March 31, 2015#	March 31, 2014##	March 31, 2013##
Pre-tax operating profit	644.13	513.67	742.55	612.70	1,056.48
Average pre-tax operating profit based on the three most profitable years (Fiscal 2013, 2016 and 2017) out of the immediately preceding five years, is ₹ 814.39 million.					

#Prepared in accordance with Ind AS.

##Prepared in accordance with IGAAP.

H. Our Company's average pre-tax operating profit derived from the Restated Consolidated Financial Information of our Company for the last five financial years, as included in this DRHP, is set forth below:

(in ₹ million)

Particulars	March 31, 2017#	March 31, 2016#	March 31, 2015#	March 31, 2014##	March 31, 2013##
Pre-tax operating profit	3,238.60	3,285.26	4,511.35	1,614.93	730.55
Average pre-tax operating profit based on the three most profitable years (Fiscal 2015, 2016 and 2017) out of the immediately preceding five years, is ₹ 3,678.40 million.					

#Prepared in accordance with Ind AS.

##Prepared in accordance with IGAAP.

Further, in accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of Allottees under the Offer shall be not less than 1,000, failing which, the entire application money will be refunded forthwith.

Our Company is in compliance with conditions specified in Regulation 4(2) of the SEBI ICDR Regulations to the extent applicable.

DISCLAIMER CLAUSE OF THE SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO THE SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY THE SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, BEING KOTAK MAHINDRA CAPITAL COMPANY LIMITED, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED, CREDIT SUISSE SECURITIES (INDIA) PRIVATE LIMITED AND IIFL HOLDINGS LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, BEING KOTAK MAHINDRA CAPITAL COMPANY LIMITED, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED CREDIT SUISSE SECURITIES (INDIA) PRIVATE LIMITED AND IIFL HOLDINGS LIMITED, HAVE FURNISHED TO THE SEBI A DUE DILIGENCE CERTIFICATE DATED MARCH 28, 2018 WHICH READS AS FOLLOWS:

WE, THE BOOK RUNNING LEAD MANAGERS TO THE ABOVE MENTIONED FORTHCOMING OFFER, STATE AND CONFIRM AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID OFFER;**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**

    A. **THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;**

    B. **ALL THE LEGAL REQUIREMENTS RELATING TO THE OFFER AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS ETC., FRAMED/ISSUED BY THE SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

C. **THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED OFFER AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT 1956, TO THE EXTENT APPLICABLE, THE COMPANIES ACT 2013, TO THE EXTENT IN FORCE, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID;**

4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOTED FOR COMPLIANCE;**

5. **WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF THE PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF THE PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SEBI UNTIL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS;**

6. **WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS;**

7. **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE OFFER. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTER'S CONTRIBUTION WILL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC OFFER – NOT APPLICABLE;**

8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT OFFER FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION – NOT APPLICABLE;**

9. **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE OFFER ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO AMONG THE BANKERS TO THE OFFER, THE COMPANY AND THE**

SELLING SHAREHOLDERS SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE;

10. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE – NOT APPLICABLE. UNDER SECTION 29 OF THE COMPANIES ACT 2013, EQUITY SHARES IN THE OFFER WILL BE ISSUED IN DEMATERIALISED FORM ONLY;**

11. **WE CERTIFY THAT ALL APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION;**

12. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:**

    (a) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND

    (b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SEBI FROM TIME TO TIME.

13. **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENTS IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE OFFER –NOTED FOR COMPLIANCE;**

14. **WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S EXPERIENCE, ETC.; COMPLIED WITH;**

15. **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY; COMPLIED WITH;**

16. **WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY THE BOOK RUNNING LEAD MANAGERS (WHO ARE RESPONSIBLE FOR PRICING THIS OFFER)', AS PER FORMAT SPECIFIED BY THE SEBI THROUGH CIRCULAR; COMPLIED WITH;**

17. **WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS – COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS OF THE COMPANY AS PER THE RELEVANT ACCOUNTING STANDARDS IN THE FINANCIAL STATEMENTS AND INCLUDED IN THE DRAFT RED HERRING PROSPECTUS AND AS CERTIFIED BY KIRTANE & PANDIT LLP, CHARTERED ACCOUNTANTS, BY WAY OF CERTIFICATE DATED MARCH 26, 2018.**

18. **WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THE SEBI ICDR REGULATIONS. (IF APPLICABLE). – NOT APPLICABLE.**

The filing of this Draft Red Herring Prospectus does not, however, absolve our Company who has authorized the issue of this Draft Red Herring Prospectus from any liabilities under Section 34 or Section 36 of the Companies Act, 2013 or from the requirement of obtaining such statutory and/or other clearances as may be required for the purpose of the proposed Offer. SEBI further reserves the right to take up at any point of time, with the GCBRLMs and the BRLM, any irregularities or lapses in this Draft Red Herring Prospectus.

The filing of this Draft Red Herring Prospectus does not absolve any of the Selling Shareholders from any liabilities to the extent of the statements specifically made by them in respect of themselves and of the Equity Shares offered by such Selling Shareholder, as part of the Offer for Sale, under Section 34 or Section 36 of Companies Act, 2013.

All legal requirements pertaining to the Offer will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Offer will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 26, 30 and 32 of the Companies Act, 2013.

Price Information of past issues handled by the GCBRLMs and the BRLM

Kotak Mahindra Capital Company Limited

1. *Price information of past issues (during the current financial year and two financial years preceding the current financial year) handled by Kotak Mahindra Capital Company Limited*

Sr. No.	Issue Name	Issue Size (₹ Cr.)	Issue Price (₹)	Listing Date	Opening Price on Listing Date (Rs.)	+/- % 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.	Bandhan Bank Limited	4,473.02	375	March 27, 2018	499.00	-	-	-
2.	Aster DM Healthcare Limited	980.14	190	February 26, 2018	183.00	-	-	-
3.	The New India Assurance Company Limited(1)	9,466.98	800	November 13, 2017	750.00	-27.91% [+0.15%]	-12.93%[+2.25%]	-
4.	Mahindra Logistics Limited(2)	828.88	429	November 10, 2017	429.00	+3.12% [-0.54%]	+9.48%[+1.50%]	-
5.	General Insurance Corporation of India(3)	11,175.84	912	October 25, 2017	850.00	-12.92% [+0.52%]	-13.95%[+6.52%]	-
6.	Indian Energy Exchange Limited	1,000.73	1,650	October 23, 2017	1,500.00	-8.15% [+1.39%]	-1.77%[+6.97%]	-
7.	Godrej Agrovet Limited	1,157.31	460	October 16, 2017	615.60	+14.96%[- 0.43%]	+34.95%[+4.40%]	-
8.	SBI Life Insurance Company Limited(4)	8,386.40	700	October 3, 2017	735.00	-7.56%[+ 5.89%]	-0.66%[+6.81%]	-
9.	Security and Intelligence Services (India) Limited	779.58	815	August 10, 2017	879.80	-3.29%[+ 1.17%]	+3.14%[+5.40%]	+39.12%[+8.62%]
10.	CL Educate Limited	238.95	502	March 31, 2017	402.00	-8.98%[+ 1.42%]	-15.36%[+3.46%]	-31.92%[+7.61%]

Source: www.nseindia.com

Notes:

1. *In The New India Assurance Company Limited, the issue price to retail individual bidders and employees was ₹770 per equity share after a discount of ₹30 per equity share.*
2. *In Mahindra Logistics Limited, the issue price to employees was ₹387 per equity share after a discount of ₹42 per equity share. The Anchor Investor Issue price was ₹429 per equity share.*
3. *In General Insurance Corporation of India, the issue price to retail individual bidders and employees was ₹867 per equity share after a discount of ₹45 per equity share.*
4. *In SBI Life Insurance Company Limited, the issue price to employees was ₹632 per equity share after a discount of ₹68 per equity share. The Anchor Investor Issue price was ₹700 per equity share.*
5. *In the event any day falls on a holiday, the price/index of the immediately preceding working day has been considered.*

6. *Nifty is considered as the benchmark index.*

2. *Summary statement of price information of past issues (during the current financial year and two financial years preceding the current financial year) handled by Kotak Mahindra Capital Company Limited*

Financial Year	Total no. of IPOs	Total amount of funds raised (Rs. Cr.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2017-18*	9	38,248.84	-	1	5	-	-	2	-	-	-	-	1	-
2016-17	11	13,567.63	-	-	4	2	1	4	-	1	2	5	2	1
2015-16	9	7,487.69	-	-	5	-	2	2	-	1	4	2	1	1

**As on the date of this Draft Red Herring Prospectus*

<u>Citigroup Global Markets India Private Limited</u>

1. *Price information of past issues (during the current financial year and two financial years preceding the current financial year) handled by Citigroup Global Markets India Private Limited.*

Sr. No.	Issue Name	Issue size (in ₹ million)	Issue price (₹)	Listing date	Opening price on listing date	+/- % 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.	General Insurance Corporation of India	112,568.3	912.00	October 25, 2017	850.00	(-)12.92% [+0.52%]	(-)13.95% [+6.52%]	NA
2.	SBI Life Insurance Company Limited	83,887.3	700.00	October 3, 2017	735.00	(-)7.56% [+5.89%]	(-)0.66% [+6.81%]	NA
3.	AU Small Finance Bank Limited	19,125.1	358.00	July 10, 2017	530.00	+58.76% [+2.12%]	+71.80% [+2.14%]	+95.38% [+8.06%]
4.	Eris Lifesciences Limited	17,404.9	603.00	June 29, 2017	611.00	+0.87% [+5.37%]	(-)5.69% [+3.87%]	+27.19% [10.40%]
5.	Tejas Networks Limited	7,766.9	257.00	June 27, 2017	257.00	+28.04% [+5.35%]	+23.27% [+4.76%]	+51.65% [10.32%]
6.	India Grid Trust	22,499.6	100.00	June 6, 2017	99.70	(-)7.66% [+0.00%]	(-)3.50% [+3.50%]	(-)5.15% [+5.03%]
7.	Laurus Labs Limited	13,305.1	428.00	December 19, 2016	489.90	+11.44% [+3.62%]	+23.97% [+13.03%]	+41.43% [+18.31%]
8.	Endurance Technologies Limited	11,617.4	472.00	October 19, 2016	572.00	+16.06% [(-)6.69%]	+23.78% [(-)2.84%]	+76.32% [+5.68%]
9.	RBL Bank Limited	12,129.7	225.00	August 31, 2016	274.20	+27.07% [(-)2.22%]	+56.98% [(-)7.50%]	+103.07% [+1.74%]
10.	L&T Infotech Ltd	12,363.8	710.00	July 21, 2016	667.00	(-)6.39% [+1.84%]	(-)12.44% [+1.97%]	(-)4.21% [(-)1.14%]

Source: www.nseindia.com

Notes:
1. Nifty 50 is considered as the benchmark index.
2. In case 30th/ 90th/180th day is not a trading day, closing price on the NSE of a trading day immediately prior to the 30th/ 90th/180th day, is considered. A day

prior to that is considered if the immediately preceding day is not a trading day
3. Since the listing date of SBI Life Insurance Company Limited and General Insurance Corporation of India Limited was October 3, 2017 and October 25, 2017, information relating to closing prices and benchmark index as on 180th calendar day from listing date is not available.

2. *Summary Statement of Price Information of Past Issues Handled by Citigroup Global Markets India Private Limited:*

Fiscal Year	Total No. of IPOs	Total Funds Raised (₹ in Million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2017-18	6	263,252.1	-	-	3	1	1	1	-	-	1	2	1	-
2016-17	5	59,804.8	-	-	1	-	1	3	-	-	1	3	1	-
2015-16	4	53,904.1	-	-	2	-	2	-	-	-	2	1	1	-

Notes:
1. Since the listing date of SBI Life Insurance Company Limited and General Insurance Corporation of India was October 3, 2017 and October 25, 2017 respectively, information relating to closing prices and benchmark index as on 180th calendar day from listing date is not available.

Credit Suisse Securities (India) Private Limited

1. *Price information of past issues (during the current financial year and two financial years preceding the current financial year) handled by Credit Suisse Securities (India) Private Limited*

Sr. No.	Issue name	Issue size (in ₹ million)	Issue 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	Syngene International Limited	5,500.00	250.00	August 11, 2015	295.00	36.00%, [-7.61%]	44.90%, [-6.47%]	57.20%, [-12.70%]
2	TeamLease Services Limited	4,236.77	850.00	February 12, 2016	860.00	15.34%, [7.99%]	5.38%, [12.43%]	35.35%, [24.31%]
3	S Chand and Company Limited	7,285.57	670.00	May 09, 2017	700.00	-18.10%, [3.72%]	-26.91%, [7.95%]	-28.06%, [12.18%]
4	IRB InvIT Fund	50,328.84	102.00	May 18, 2017	102.00	-2.61%, [1.68%]	-5.49%, [4.96%]	-11.03%, [8.44%]
5	Eris Lifesciences Limited	17,411.63	603.00	June 29, 2017	611.00	1.12%, [5.37%]	-5.45%, [3.87%]	26.48%, [10.81%]
6	Godrej Agrovet Limited	11,573.12	460.00	October 16, 2017	615.60	-11.22%, [-0.43%]	4.77%, [4.99%]	NA
7	HDFC Standard Life Insurance Company Limited	86,950.00	290.00	November 17, 2017	310.00	9.53%, [1.02%]	25.33%, [2.11%]	NA

Source: www.nseindia.com for the price information and prospectus for issue details

Notes:
a) 30th, 90th, 180th calendar days from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180th calendar day is a holiday, in which case we have considered the closing data of the next trading date
b) Price information and benchmark index values have been shown only for the designated stock exchange in the above table
c) NSE is the designated stock exchange for the issue listed in the above table. NIFTY has been used as the benchmark index
d) Since the listing date of Godrej Agrovet Limited was October 16, 2017, information relation to closing prices and benchmark index as on 180th calendar day from listing date is not available

e) Since the listing date of HDFC Standard Life Insurance Company Limited was November 17, 2017, information relation to closing prices and benchmark index as on 180th calendar day from listing date is not available.

2. *Summary statement of price information of past issues (during the current financial year and two financial years preceding the current financial year) handled by Credit Suisse Securities (India) Private Limited*

Financial Year	Total no. of IPOs	Total funds raised (in ₹ million)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days 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%
2015-16	2	9,736.80	-	-	-	-	1	1	-	-	-	1	1	-
2016-17	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2017-18	5	173,549.16	-	-	3	-	-	2	-	1	1	-	1	-

a) Since the listing date of Godrej Agrovet Limited was October 16, 2017, information relating to closing prices and benchmark index as on 180th calendar day from listing date is not available.
b) Since the listing date of HDFC Standard Life Insurance Company Limited was November 17, 2017, information relating to closing prices and benchmark index as on 180th calendar day from listing date is not available.

IIFL Holdings Limited

1. *Price information of past issues (during the current financial year and two financial years preceding the current financial year) handled by IIFL Holdings Limited.*

Sr No.	Issue name	Issue size (in ₹ million)	Issue price (₹)	Listing date	Opening price on listing date	+/- % change in closing price*, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price*, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price*, [+/- % change in closing benchmark]- 180th calendar days from listing
1	ICICI Prudential Life Insurance Company Limited	60,567.91	334.00	September 29, 2016	330.00	-7.6%, [-1.2%]	-11.6%, [-8.1%]	+11.3%,[+4.1%]
2	Security and Intelligence Services (India) Limited	7,795.80	815.00	August 10, 2017	879.80	-3.3%, [+0.3%]	+3.1%, [+4.0%]	+45.5%,[+6.0%]
3	Dixon Technologies (India) Limited	5,992.79	1,766.00	September 18, 2017	2725.00	+50.8%, [+1.2%]	+80.9%, [+2.5%]	+95.2%,[+1.1%]
4	Capacit'e Infraprojects Limited	4,000.00	250.00	September 25, 2017	399.00	+34.9%, [+3.3%]	+60.3%, [+5.3%]	+18.1%[+0.3%]
5	ICICI Lombard General Insurance Company Limited	57,009.39	661.00	September 27, 2017	651.00	+3.3%, [+4.6%]	+19.0%, [+6.7%]	+15.4%[+2.6%]
6	Indian Energy Exchange Limited	10,007.26	1,650.00	October 23, 2017	1,500.00	-5.6%, [+1.9%]	-1.8%, [+7.4%]	NA
7	Reliance Nippon Life Asset Management Limited	15,422.40	252.00	November 06, 2017	295.90	+1.2%, [-3.9%]	+5.9%, [+2.9%]	NA
8	HDFC Standard Life	86,950.07	290.00	November 17, 2017	310.00	+31.5%[+2.1%]	+49.0%, [+4.2%]	NA

Sr No.	Issue name	Issue size (in ₹ million)	Issue price (₹)	Listing date	Opening price on listing date	+/- % 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
	Insurance Company Limited							
9	Shalby Limited	5,048.00	248.00	December 15, 2017	239.70	-4.2%[+4.2%]	-11.7%, [+1.1%]	NA
10	Future Supply Chain Solutions Limited	6,496.95	664.00	December 18, 2017	664.00	+4.1%[+4.4%]	+6.9%,[-1.3%]	NA

Source: www.nseindia.com

Notes:

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 30, 90 and 180 calendar days, except wherever 30th / 90th / 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered. % change taken against the Issue Price in case of the Issuer. % change taken against closing CNX NIFTY Index a day prior to the listing date. NA means Not Applicable.

2. *Summary statement of price information of past issues (during the current financial year and two financial years preceding the current financial year) handled by IIFL Holdings Limited.*

Financial Year	Total No. of IPO's	Total Funds Raised (in Rs. Mn)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2015-16	4	17,330.46	-	-	3	-	-	1	-	-	3	1	-	-
2016-17	5	92,062.31	-	-	1	2	1	1	-	-	-	3	1	1
2017-18	9	1,98,722.66	-	-	3	1	2	3	-	-	-	1	1	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.

Track record of past issues handled by the GCBRLMs and the BRLM

For details regarding the track record of the GCBRLMs and the BRLM, as specified under Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, see the websites of the GCBRLMs and the BRLM mentioned below.

Names	Website
Kotak Mahindra Capital Company Limited	www.investmentbank.kotak.com
Citigroup Global Markets India Private Limited	www.online.citibank.co.in/rhtm/citigroupglobalscreen
Credit Suisse Securities (India) Private Limited	www.credit-suisse.com/in/en/investment-banking/regional-presence/asia-pacific/india/ipo.html
IIFL Holdings Limited	www.iiflcap.com

Caution – Disclaimer from our Company, our Directors, the Selling Shareholders, the GCBRLMs and the BRLM

Our Company, the Selling Shareholders, our Directors, the GCBRLMs and the BRLM accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our website, www.varrocgroup.com, or any website of any of the members of the Promoter Group, Subsidiaries or any affiliate of our Company or the Selling Shareholders, would be doing so at his or her own risk. Each Selling Shareholder, and where applicable, their respective directors (as applicable), affiliates, associates and officers accept no responsibility for any statements made or undertakings provided other than those made by the respective Selling Shareholders specifically, and only in relation to itself/them and/or to the Equity Shares offered by such Selling Shareholder through the Offer for Sale.

The GCBRLMs and the BRLM accept no responsibility, save to the limited extent as provided in the Offer Agreement entered into among the GCBRLMs and the BRLM, the Selling Shareholders and our Company, and the Underwriting Agreement to be entered into among the Underwriters, the Selling Shareholders and our Company.

All information to the extent required in relation of the Offer, shall be made available by our Company, the Selling Shareholders and the GCBRLMs and the BRLM to the Bidders and public at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding Centres or elsewhere.

Neither our Company, the Selling Shareholders nor any member of the Syndicate shall be liable to the Bidders for any failure in uploading the Bids, due to faults in any software or hardware system, or otherwise.

The GCBRLMs and the BRLM and their respective associates may engage in transactions with, and perform services for our Company, the Selling Shareholders and our respective affiliates or associates or third parties in the ordinary course of business, and have engaged, or may in the future engage in transactions including underwriting, commercial banking and investment banking transactions with our Company or the Selling Shareholders or their respective affiliates, associates, or third parties for which they have received, and may in future receive compensation.

Bidders that bid in the Offer will be required to confirm, and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares, and will not issue, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholders, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

Disclaimer in respect of Jurisdiction

This Offer is being made in India to persons resident in India (including Indian nationals resident in India, Hindu Undivided Families ("**HUFs**"), companies, other corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from the RBI), or trusts under the applicable trust laws, and who are authorized under their respective constitutions to hold and invest in equity shares, public financial institutions as specified under Section 2(72) of the Companies Act, 2013, venture capital funds, permitted insurance companies and pension funds and, to permitted non-residents including Eligible NRIs, Alternative Investment Funds ("**AIFs**"), FPIs registered with SEBI and QIBs. This Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) at Mumbai only.

No action has been, or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus, nor any offer or sale hereunder, shall, under any circumstances, create any implication that there has been no change in our affairs or in the affairs of the Selling Shareholders from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act, 1933, as amended ("U.S. Securities Act") or any state securities laws in the United States, and unless so registered may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, such Equity Shares are being offered and sold (i) outside the United States, in offshore transactions in compliance with Regulation S under the U.S. Securities Act ("Regulation S") and the applicable laws of the jurisdiction where those offers and sales occur; and (ii) in the United States, to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act ("Rule 144A")), in reliance on Rule 144A or other available exemptions under the U.S. Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Bidders are advised to ensure that any Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Disclaimer Clause of the BSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the BSE. The disclaimer clause as intimated by the BSE to our Company shall be included in the Red Herring Prospectus prior to filing with the RoC.

Disclaimer Clause of the NSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the NSE. The disclaimer clause as intimated by the NSE to our Company shall be included in the Red Herring Prospectus prior to filing with the RoC.

Filing

A copy of this Draft Red Herring Prospectus has been filed with the SEBI at Mumbai.

A copy of the Red Herring Prospectus, along with the documents required to be filed, will be delivered for registration to the RoC in accordance with Section 32 of the Companies Act, 2013, and a copy of the Prospectus required to be filed under Section 26 of the Companies Act, 2013 will be delivered for registration to the RoC situated at the address mentioned below.

The Registrar of Companies, Mumbai
100, Everest, Marine Drive
Mumbai 400 002

Listing

Applications have been made to the Stock Exchanges for obtaining permission for listing and trading of the Equity Shares being offered and sold in the Offer and [•] is the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Offer.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by the Stock Exchanges, our Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus in accordance with applicable law. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of Equity Shares at the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date. If our Company does not allot Equity Shares pursuant to the Offer within six Working Days from the Bid/Offer Closing Date or within such timeline as prescribed by SEBI, it shall repay without interest all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at a rate as per applicable law, which is presently 15% per annum for the delayed period.

Impersonation

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013, which is reproduced below:

"Any person who –

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities, or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

shall be liable for action under section 447."

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

Consents

Consents in writing of (a) each of the Selling Shareholders, our Directors, the Chief Financial Officer, the Company Secretary and Compliance Officer, the Auditors for DRHP, the legal counsels, the Bankers to our Company, CRISIL Research and Yole Développement, the GCBRLMs, the BRLM and Registrar to the Offer have been obtained; and (b) the Syndicate Members, Bankers to the Offer/ Escrow Bank and Refund 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 Section 26 and 32 of the Companies Act, 2013. Further, such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus with the RoC.

Expert Opinion

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

1. Our Company has received written consent dated March 28, 2018 from the Statutory Auditors, namely, Price Waterhouse & Co Chartered Accountants LLP to include its name as an expert under Section 26 of the Companies Act, 2013 in this Draft Red Herring Prospectus in relation to the reports of the Statutory Auditors dated March 25, 2018, on the Restated Standalone Financial Information and Restated Consolidated Financial Information of our Company, included in this Draft Red Herring Prospectus and such consent has not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus. A written consent under the provisions of the Companies Act, 2013 is different from a consent filed with the U.S. Securities and Exchange Commission under Section 7 of the U.S. Securities Act, which is applicable only to transactions involving securities registered under the U.S. Securities Act. As the Equity Shares are proposed to be offered as a part of an initial public offering in India and the Equity Shares have not been and will not be registered under the U.S. Securities Act, the Statutory Auditors have not given consent under Section 7 of the U.S. Securities Act. In this regard, the Statutory Auditors have given consent to be referred to as "experts" in this Draft Red Herring Prospectus in accordance with the requirements of the Companies Act, 2013. The term "experts" as used in this Draft Red Herring Prospectus is different from those defined under the U.S. Securities Act, which is applicable only to transactions involving securities registered under the U.S. Securities Act. The reference to the Statutory

Auditors as "experts" in this Draft Red Herring Prospectus is not made in the context of the U.S. Securities Act but solely in the context of the Offer in India.

2. Our Company has received a written consent from Kirtane and Pandit LLP dated March 26, 2018 to include their name in this Draft Red Herring Prospectus as required under the relevant provisions of the Companies Act, 2013 and to be named as an "expert" as defined under Section 2(38) read with Section 26(5) of the Companies Act, 2013 in respect of the statement of tax benefits, dated March 26, 2018 included in this Draft Red Herring Prospectus and such consent has not been withdrawn as of the date of this Draft Red Herring Prospectus.

3. Our Company has received a written consent dated February 15, 2018 from Yole Développement to include their name in this Draft Red Herring Prospectus as an "expert" as defined under the Companies Act, 2013 in respect of the Yole Report, included in this Draft Red Herring Prospectus and such consent has not been withdrawn as of the date of this Draft Red Herring Prospectus.

4. Our Company has received a written consent dated March 24, 2018 from Milind Sangwikar & Associates, Chartered Engineers to include their name in this Draft Red Herring Prospectus as an "expert" as defined under the applicable laws in relation to the inclusion of the certificates, in respect of certificates issued by them on capacity utilization and such consent has not been withdrawn as of the date of this Draft Red Herring Prospectus.

Offer Expenses

For details of the Offer related expenses, see "*Objects of the Offer*" on page 118.

Fees, Brokerage and Selling Commission

The total fees payable to the Syndicate Members (including underwriting and selling commissions), and reimbursement of their out of pocket expenses, will be as stated in the Syndicate Agreement which shall be available for inspection at our Registered Office, from 10.00 am to 4.00 p.m. on Working Days from the date of filing the Red Herring Prospectus until the Bid/Offer Closing Date.

Fees Payable to the Registrar to the Offer

The fees payable to the Registrar to the Offer, including fees for processing of Bid cum Application Forms, data entry, printing of Allotment Advice/CAN, refund order, preparation of refund data on magnetic tape and printing of bulk mailing register, will be as per the Registrar Agreement signed among our Company, the Selling Shareholders and the Registrar to the Offer, a copy of which shall be made available for inspection at our Registered Office. Adequate funds shall be provided to the Registrar to the Offer to enable it to send refund orders or Allotment Advice by registered post or speed post or ordinary post.

Particulars regarding public or rights issues during the last five years

There have been no public, including any rights issues to the public undertaken by our Company during the five years immediately preceding the date of this Draft Red Herring Prospectus.

Commission payable to SCSBs, Registered Brokers, CRTAs and CDPs

For details of the commission payable to SCSBs, Registered Brokers, CRTAs and CDPs, see "- *Offer Expenses*" on page 118.

Commission or Brokerage on Previous Issues

Since this is the initial public offering of the Equity Shares of our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure public subscription for any of our Equity Shares, since the incorporation of our Company.

Previous issues otherwise than for cash

Except as disclosed in "*Capital Structure*" on page 105, our Company has not issued any Equity Shares for consideration otherwise than for cash.

Capital issues in the preceding three years

Except as disclosed in "*Capital Structure*" on page 105, our Company has not made any capital issues during the three years immediately preceding the date of this Draft Red Herring Prospectus. Further, none of our Subsidiaries are a listed company.

Performance vis-à-vis objects

Our Company has not undertaken any public or any rights issues in the 10 years immediately preceding the date of this Draft Red Herring Prospectus.

Performance vis- à-vis Objects: last issue of listed Group Companies and Subsidiaries

We do not have group companies. None of our Subsidiaries are listed.

Outstanding Debentures, Bonds or Redeemable Preference Shares or other instruments

Except as disclosed in "*Capital Structure*" and "*Financial Indebtedness*" on pages 105 and 263, our Company does not have any outstanding debentures, bonds or redeemable preference shares or other instruments, as on the date of this Draft Red Herring Prospectus.

Partly Paid-Up Shares

As on the date of this Draft Red Herring Prospectus, there are no partly paid-up Equity Shares of our Company.

Stock Market Data of the Equity Shares

This being the initial public offering of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange as on the date of this Draft Red Herring Prospectus, and accordingly, no stock market data is available for the Equity Shares.

Mechanism for Redressal of Investor Grievances

The Registrar Agreement provides for retention of records with the Registrar to the Offer for a minimum period of three years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, in order to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

Investors may contact the GCBRLMs and the BRLM for any complaint pertaining to the Offer. All grievances, other than by Anchor Investors, may be addressed to the Registrar to the Offer, with a copy to the relevant Designated Intermediary, where the Bid cum Application Form was submitted, quoting the full name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, address of the Bidder, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the relevant Designated Intermediary, where the Bid was submitted and ASBA Account number in which the amount equivalent to the Bid Amount was blocked. Further, the Bidder shall enclose the Acknowledgement Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

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

Our Company, the GCBRLMs, the BRLM and the Registrar accept no responsibility for errors, omissions, commission of any acts of the Designated Intermediaries, including any defaults in complying with its obligations under the SEBI ICDR Regulations.

Disposal of Investor Grievances by our Company

Our Company estimates that the average time required by our Company and/or the Registrar to the Offer for the redressal of routine investor grievances shall be seven 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 Rakesh Darji, Company Secretary, as the Compliance Officer and he may be contacted in case of any pre-Offer or post-Offer related problems, at the address set forth hereunder.

Rakesh Darji
L-4, MIDC Area, Waluj
Aurangabad 431136
Tel: +91 240 6653 700
Fax: +91 240 2564 540
E-mail: investors@varroc.com

The Selling Shareholders have authorized the Compliance Officer of our Company and the Registrar to the Offer to redress any complaints received from Bidders in respect of the Offer for Sale.

Further, our Board has constituted a Stakeholders Relationship Committee comprising our Directors, Gautam P. Khandelwal, Vijaya Sampath and Ashwani Maheshwari, which is responsible for redressal of grievances of the security holders of our Company. For more information, see "*Our Management*" on page 239.

Disposal of investor grievances by listed companies under the same management

As on the date of this Draft Red Herring Prospectus, none of the companies under same management and none of our Subsidiaries are listed on any stock exchange. Accordingly, the requirement to disclose details of investor grievances by listed companies under the same management as our Company, does not apply.

Changes in Auditors

There has been no change in our statutory auditors during the three years immediately preceding this Draft Red Herring Prospectus.

Capitalization of Reserves or Profits

Our Company has not capitalized its reserves or profits at any time during the five years immediately preceding the date of this Draft Red Herring Prospectus.

Revaluation of Assets

Our Company has not revalued its assets at any time during the last five years preceding the date of filing this Draft Red Herring Prospectus.

SECTION VII – OFFER RELATED INFORMATION

OFFER STRUCTURE

The Offer is of up to 18,536,600 Equity Shares of face value of ₹ 1 each, at an Offer Price of ₹ [•] per Equity Share for cash, aggregating up to ₹ [•] million and is being made through the Book Building Process, through an Offer for Sale by the Selling Shareholders, which includes up to 1,752,560 Equity Shares aggregating to ₹ [•] million by Promoter Selling Shareholder, up to 15,373,608 Equity Shares aggregating to ₹ [•] million by Investor Selling Shareholder 1 and up to 1,410,432 Equity Shares aggregating to ₹ [•] million by Investor Selling Shareholder 2. The Offer comprises a Net Offer to the public of up to 18,436,600 Equity Shares and an Employee Reservation Portion of up to 100,000 Equity Shares for subscription by the Eligible Employees. In terms of Rule 19(2)(b) of the SCRR, the Net Offer will constitute at least [•]% of the post-Offer paid up Equity Share capital of our Company.

	Eligible Employees	**QIBs***	**Non-Institutional Investors**	**Retail Individual Investors**
Number of Equity Shares available for allocation**	Not more than [•] Equity Shares	Not more than [•] Equity Shares	Not less than [•] Equity Shares or Offer less allocation to QIBs and Retail Individual Investors	Not less than [•] Equity Shares or Offer less allocation to QIBs and Non-Institutional Investors
Percentage of Offer size available for allocation	The Employee Reservation Portion shall constitute up to 5% of the post-Offer paid-up Equity Share capital of our Company	Not more than 50% of the Net Offer will be Allotted to QIBs. However, 5% of the QIB Category, excluding the Anchor Investor Portion, will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the 5% reservation portion will also be eligible for allocation in the remaining QIB Category. The unsubscribed portion in the Mutual Fund portion will be available for allocation to QIBs	Not less than 15% of the Net Offer	Not less than 35% of the Net Offer
Basis of Allotment if respective category is oversubscribed	Proportionate; unless the Employee Reservation Portion is undersubscribed, the value of allocation to an Eligible Employee shall not exceed ₹200,000. In the event of undersubscription in the Employee Reservation Portion, the unsubscribed portion may be allocated, on a proportionate basis, to Eligible Employees for value exceeding ₹200,000 up to ₹500,000 each.	Proportionate as follows (excluding the Anchor Investor Portion): (a) up to [•] Equity Shares will be available for allocation on a proportionate basis to Mutual Funds only; and (b) up to [•] Equity Shares will be available for allocation on a proportionate basis to all other QIBs including Mutual Funds receiving allocation as per (a) above	Proportionate	The allotment to each Retail Individual Investor 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 allotted on a proportionate basis. For more information, see "*Offer Procedure*" on page 592.
Mode of	Through ASBA process only (except Anchor Investors)			

	Eligible Employees	QIBs*	Non-Institutional Investors	Retail Individual Investors
Bidding				
Minimum Bid	[•] Equity Shares and in multiples of [•] Equity Shares thereafter	Such number of Equity Shares so that the Bid Amount exceeds ₹ 200,000 and in multiples of [•] Equity Shares thereafter	Such number of Equity Shares in multiples of [•] Equity Shares so that the Bid Amount exceeds ₹ 200,000	[•] Equity Shares and in multiples of [•] Equity Shares thereafter
Maximum Bid	Such number of Equity Shares and in multiples of [•] Equity Shares so that the maximum Bid Amount by each Eligible Employee in this portion does not exceed ₹ 500,000.	Such number of Equity Shares in multiples of [•] Equity Shares 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, 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	[•] Equity Shares and in multiples of one Equity Share thereafter			
Trading Lot	One Equity Share			
Who can Apply***	Eligible Employees such that the Bid Amount does not exceed ₹ 500,000	Public financial institutions specified in Section 2(72) of the Companies Act, 2013 FPIs (other than category III FPIs), scheduled commercial banks, mutual funds registered with the SEBI, venture capital funds registered with SEBI, FVCIs, VCFs, Alternative Investment Funds, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of ₹ 250 million, pension funds with a minimum corpus of ₹ 250 million, the National Investment Fund set up by the Government of India, insurance funds set up and managed by the army, navy, or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India and Systemically	Resident Indian individuals, HUFs (in the name of Karta), companies, corporate bodies, Eligible NRIs, scientific institutions societies and trusts and any category III FPIs registered with SEBI, which is a foreign corporate or foreign individual for Equity Shares such that the Bid Amount exceeds ₹ 2,00,000 in value	Resident Indian individuals, HUFs (in the name of the Karta) and Eligible NRIs applying for Equity Shares such that the Bid Amount does not exceed ₹ 2,00,000 in value

	Eligible Employees	QIBs*	Non-Institutional Investors	Retail Individual Investors
		Important Non- Banking Financial Companies.		
Terms of Payment****	***In case of Anchor Investors:*** Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids ***In case of all other Bidders***: Full Bid Amount shall be blocked by the SCSBs in the bank account of the Bidders (other than Anchor Investors) that is specified in the Bid cum Application Form at the time of the submission of the Bid cum Application Form			

** Our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLM may allocate up to 60% of the QIB Category to Anchor Investors, on a discretionary basis, in accordance with SEBI ICDR Regulations. One-third of the Anchor Investor Portion will be reserved for domestic Mutual Funds, subject to valid Bids being received at or above the price at which allocation is made to Anchor Investors.*

***This Offer is being made through the Book Building Process under Regulation 26(1) of the SEBI ICDR Regulations wherein not more than 50% of the Net Offer will be Allotted to QIBs on a proportionate basis, provided that the Anchor Investor Portion may be allocated on a discretionary basis as mentioned above. Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Investors subject to valid Bids being received at or above the Offer Price. Further, not less than 35% of the Net Offer will be available for allocation to Retail Individual Investors in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Under-subscription, if any, in any category, except the QIB Category, would be met with spill-over from any other category or categories, as applicable, on a proportionate basis, at the discretion of our Company, in consultation with the GCBRLMs and the BRLM and the Designated Stock Exchange, subject to applicable laws. Further, up to 100,000 Equity Shares, aggregating to ₹ [•] million will be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received at or above the Offer Price. Unless the Employee Reservation Portion is undersubscribed, the value of allocation to an Eligible Employee shall not exceed ₹200,000. In the event of undersubscription in the Employee Reservation Portion, the unsubscribed portion may be allocated, on a proportionate basis, to Eligible Employees for value exceeding ₹ 200,000 up to ₹ 500,000. Any unsubscribed portion remaining in the Employee Reservation Portion shall be added to the Net Offer to the public.*

****If the Bid is submitted in joint names, 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 depository account held in joint names. The signature of only the 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.*

***** Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Bid cum Application Form, provided that any difference between the price at which allocation is made to the Anchor Investors and the Anchor Investor Offer Price, shall be payable by the Anchor Investor Pay-in Date as mentioned in the CAN.*

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.

Employee Discount

Discount, if any, to the Floor Price will be offered to Eligible Employees. The rupee amount of the Employee Discount will be decided by our Company and the Selling Shareholders in consultation with the GCBRLMs and the BRLM and will be advertised at least five Working Days prior to the Bid/ Issue Opening Date.

Withdrawal of the Offer

Our Company and the Selling Shareholders in consultation with the GCBRLMs and the BRLM, reserve the right to not proceed with the Offer at any time after the Bid/Offer Opening Date but before Allotment. If our Company and the Selling Shareholders withdraw the Offer, our Company will issue a public notice within two days from the Bid/Offer Closing Date or such time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. The GCBRLMs and the BRLM, through the Registrar to the Offer, will instruct the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared and the Stock Exchanges will also be informed promptly.

If our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLM, withdraw the

Offer after the Bid/Offer Closing Date and thereafter determine that they will proceed with a public offering of Equity Shares, a fresh draft red herring prospectus will be filed and/or submitted with SEBI and the Stock Exchanges.

Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company will apply for only after Allotment and within six Working Days of the Bid/Offer Closing Date; and (ii) the final RoC approval of the Prospectus after it is filed and/or submitted with the RoC and the Stock Exchanges.

In case of discrepancy in data entered in the electronic book vis-à-vis data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

TERMS OF THE OFFER

The Equity Shares offered and Allotted in the Offer will be subject to the provisions of the Companies Act, the SEBI ICDR Regulations, the SCRA, the SCRR, the Memorandum of Association, the Articles of Association, the SEBI Listing Regulations, the terms of the Red Herring Prospectus and the Prospectus, the Bid cum Application Form, the Revision Form, the abridged prospectus and other terms and conditions as may be incorporated in the Allotment Advice and other documents and certificates that may be executed in respect of the Offer. The Equity Shares will also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to issue and offer for sale and listing and trading of securities, issued from time to time, by the SEBI, GoI, Stock Exchanges, the RoC, the RBI and/or other authorities to the extent applicable or such other conditions as maybe prescribed by such governmental and/or regulatory authority while granting approval for the Offer.

Ranking of Equity Shares

The Equity Shares being offered and transferred pursuant to the Offer will be subject to the provisions of the Companies Act, the Memorandum of Association and the Articles of Association and will rank *pari passu* with the existing Equity Shares of our Company, including in respect of dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For more information, see "*Main Provisions of the Articles of Association*" on page 642.

Mode of Payment of Dividend

Our Company will pay dividend, if declared, to our Shareholders, as per the provisions of the Companies Act, the SEBI Listing Regulations, our Memorandum of Association and the Articles of Association, and any guidelines or directives that may be issued by the GoI in this respect. Any dividends declared, after the date of Allotment (including pursuant to the transfer of Equity Shares from the Offer for Sale) in this Offer, will be received by the Allottees, in accordance with applicable law. For more information, see "*Dividend Policy*" and "*Main Provisions of our Articles of Association*" on pages 262 and 642 of this Draft Red Herring Prospectus, respectively.

Face Value and Price Band

The face value of each Equity Share is ₹ 1. At any given point of time there will be only one denomination for the Equity Shares.

The Price Band, Employee Discount and Minimum Bid Lot will be decided by our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLM and published at least five Working Days prior to the Bid/Offer Opening Date, in [•] edition of [•] (a widely circulated English national daily newspaper), [•] edition of [•] (a widely circulated Hindi national daily newspaper) and [•] edition of [•] (a widely circulated Marathi newspaper, Marathi also being the regional language of Maharashtra where our Registered Office is located), and shall be made available to the Stock Exchanges for the purpose of uploading on their websites. The Price Band, along with the relevant financial ratios calculated at the floor Price and at the Cap Price shall be pre-filled in the Bid-cum-Application Forms available at the website of the Stock Exchanges.

Compliance with disclosure and accounting norms

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable law and our Articles of Association, the Shareholders will have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy and e-voting;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive any surplus on liquidation subject to any statutory and preferential claims being satisfied;
- Right of free transferability of their Equity Shares, subject to applicable foreign exchange regulations and other applicable law; and

- Such other rights as may be available to a shareholder of a listed public company under the Companies Act, the terms of the SEBI Listing Regulations and our Memorandum of Association and Articles of Association.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividend, forfeiture, lien, transfer, transmission, consolidation and splitting, see "*Main Provisions of the Articles of Association*" on page 642.

Market Lot and Trading Lot

In terms of Section 29 of the Companies Act, 2013, the Equity Shares will be Allotted only in dematerialized form.

As per the SEBI ICDR Regulations, the trading of our Equity Shares will only be in dematerialized form.

Since trading of our Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment in the Offer will be only in dematerialized form in multiples of one Equity Share. For the method of Basis of Allotment, see "*Offer Procedure*" on page 592.

In this context, two agreements have been signed amongst our Company, the respective Depositories and the Registrar to the Offer:

- Agreement dated November 10, 2010 amongst NSDL, our Company and the Registrar to the Offer; and

- Agreement dated March 21, 2018 amongst CDSL, our Company and the 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 only in electronic form in multiples of one Equity Share subject to a minimum Allotment of [•] Equity Shares.

Jurisdiction

Exclusive jurisdiction for the purpose of the Offer is with the competent courts/authorities in Mumbai.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

Nomination Facility

In accordance with Section 72 of the Companies Act, 2013, read with Companies (Share Capital and Debentures) Rules, 2014, the sole or first Bidder, with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, will vest. A nominee entitled to the Equity Shares by reason of the death of the original holder(s), will, in accordance with Section 72 of the Companies Act, 2013, as amended, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the Equity Shares. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of the holder's death during minority. A nomination may be cancelled, or varied by nominating any other person in place of the present nominee, by the holder of the Equity Shares who has made the nomination, by giving a notice of such cancellation or variation to our Company in the prescribed form.

Further, any person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013, as amended, will, on the production of such evidence as may be required by our Board, elect either:

- to register himself or herself as holder of Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividend, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized form, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Bidder will prevail. If Bidders want to change their nomination, they are advised to inform their respective Depository Participant.

Bid/Offer Period

BID/OFFER OPENS ON*	[•]
BID/OFFER CLOSES ON**	
FINALIZATION OF BASIS OF ALLOTMENT	[•]
INITIATION OF REFUNDS FOR ANCHOR INVESTORS/UNBLOCKING OF FUNDS	[•]
CREDIT OF EQUITY SHARES TO DEPOSITORY ACCOUNTS	[•]
COMMENCEMENT OF TRADING	[•]

** Our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLM may consider participation by Anchor Investors. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date.*
*** Our Company and the Selling Shareholders, may in consultation with the GCBRLMs and the BRLM, decide to close the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date.*

This timetable, is indicative in nature and does not constitute any obligation or liability on our Company, the Selling Shareholders or the members of the Syndicate. While our Company will use best efforts to ensure that listing and trading of our Equity Shares on the Stock Exchanges commences within six Working Days of the Bid/Offer Closing Date, the timetable may be subject to change for various reasons, including extension of Bid/Offer period by our Company and the Selling Shareholders due to revision of the Price Band, any delays in receipt of final listing and trading approvals from the Stock Exchanges, delay in receipt of final certificates from SCSBs, etc. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges in accordance with applicable law. Each Selling Shareholder confirms that it shall extend reasonable cooperation required by our Company, the GCBRLMs and the BRLM for the 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.

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. 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 Retail Individual Bidders and Eligible Employees.

On the Bid/Offer Closing Date, extension of time will be granted by Stock Exchanges only for uploading Bids received by Retail Individual Bidders and Eligible Employees after taking into account the total number of Bids received and as reported by the GCBRLMs and the BRLM to the Stock Exchanges.

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 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 Monday to Friday (excluding any public holiday). None among our Company, the Selling Shareholders or any member of the Syndicate is liable for any failure in uploading the Bids due to faults in any software/hardware system or otherwise. Our Company and the Selling Shareholders in consultation with the GCBRLMs and the BRLM, 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.

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. 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.

Minimum Subscription

As the Offer is entirely through Offer for Sale, the requirement of 90% minimum subscription under the SEBI ICDR Regulations is not applicable to the Offer. In the event our Company does not receive the minimum subscription in the Offer as specified under Rule 19(2)(b) of the SCRR, including through devolvement to the Underwriters, as applicable, within sixty (60) days from the date of Bid/Offer Closing Date, our Company and the Selling Shareholders shall forthwith refund the entire subscription amount received. In case of delay, if any, in refund within such timeline as prescribed under applicable laws, our Company and the respective Selling Shareholders shall be liable to pay interest on the application money, to the extent of shares offered by them, at a rate as per applicable law, which is presently 15% per annum for the period of delay. However, the respective Selling Shareholders shall not be liable to pay and / or reimburse any expenses towards refund or any interest thereon in respect to Allotment of their respective proportion of the Offered Shares or otherwise, unless the failure or default or delay, as the case may be, is solely on account of such Selling Shareholder and such liability shall be limited to the extent of their respective Offered Shares.

Further, in accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

In the event of under subscription in the Offer, the subscription in the Offer will be first met through such number of Equity Shares offered by the Investor Selling Shareholders, subsequent to which any balance subscription will be allocated towards the Equity Shares being offered by the Promoter Selling Shareholder.

Arrangement for Disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on Transfer of Shares

Except for lock-in of pre-Offer equity shareholding, Minimum Promoter's Contribution and Anchor Investor lock-in, as detailed in "*Capital Structure*" on page 105 and as provided in our Articles as detailed in "*Main Provisions of the Articles of Association*" on page 642, there are no restrictions on transfers and transmission of shares and on their consolidation/splitting.

Option to receive Equity Shares in Dematerialized Form

Allotment of Equity Shares to successful Bidders will only be in the dematerialized form. Bidders will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only in the dematerialized segment of the Stock Exchanges.

OFFER PROCEDURE

*All Bidders should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI and updated pursuant to the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 as amended and modified by the circular (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016, notified by SEBI ("**General Information Document**") included below under " – **Part B - General Information Document**", which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document has been updated to reflect amendments to the SEBI ICDR Regulations and provisions of th*e Companies Act, 2013*, to the extent applicable to a public issue and any other enactments and regulations. The General Information Document is also available on the websites of the Stock Exchanges and the GCBRLMs and the BRLM. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer. All Designated Intermediaries in relation to the Offer should ensure compliance with the SEBI circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, as amended and modified by the SEBI circular (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016, in relation to clarifications on streamlining the process of public issue of equity shares and convertibles.*

Our Company, the Selling Shareholders and the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and the Prospectus.

PART A

Book Building Procedure

The Offer is being made in terms of Rule 19(2)(b) of the SCRR, through the Book Building Process and in compliance with Regulation 26(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Net Offer shall be Allotted to QIBs provided that our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLM, may allocate up to 60% of the QIB Category to Anchor Investors, on a discretionary basis, 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 price at which allocation is made to the Anchor Investors. Further, 5% of the QIB Category (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Net Offer will be available for allocation to Retail Individual Investors, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Further, up to 100,000 Equity Shares, aggregating up to ₹ [•] million shall be made available for allocation on a proportionate basis only to Eligible Employees Bidding in the Employee Reservation Portion, subject to valid Bids being received at or over the Offer Price. All Bidders (except Anchor Investors) shall mandatorily participate in this Offer only through the ASBA process, and shall provide details of their respective bank account in which the Bid amount will be blocked by the SCSBs. Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA process.

Any unsubscribed Equity Shares in the Employee Reservation Portion shall be added to the Net Offer to the public. Under-subscription, if any, in any category, except in the QIB Category, would be allowed to be met with spill-over from any other category or categories, as applicable, at the discretion of our Company, in consultation with the GCBRLMs and the BRLM and the Designated Stock Exchange, subject to applicable laws.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID and PAN, shall be treated as incomplete and will be rejected. Bidders will not

have the option of being Allotted Equity Shares in physical form.
Bid cum Application Form

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available with the Designated Intermediaries at relevant Bidding Centers and at our Registered and Corporate Office. The Bid cum Application Forms will also be available for download on the websites of the NSE (www.nseindia.com) and the BSE (www.bseindia.com) at least one day prior to the Bid/Offer Opening Date. The Bid cum Application Forms for Eligible Employees Bidding in the Employee Reservation Portion will be available only at our Registered Office and our Corporate Office.

For Anchor Investors, the Bid cum Application Forms will be available at the offices of the GCBRLMs and the BRLM.

Bidders (other than Anchor Investors) must compulsorily use the ASBA process to participate in the Offer. Anchor Investors are not permitted to participate in this Offer through the ASBA process.

Bidders (other than Anchor Investors) must provide bank account details and authorisation by the ASBA bank holder to block funds in their respective ASBA Accounts in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain such detail are liable to be rejected.

Further, such Bidders shall ensure that the Bids are submitted at the Bidding Centres only on Bid cum Application Forms bearing the stamp of a Designated Intermediary (except in case of electronic Bid-cum-Application Forms) and Bid cum Application Forms not bearing such specified stamp maybe liable for rejection. Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB at the time of submitting the Bid.

The prescribed colour of the Bid cum Application Forms for various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians including resident QIBs, Non-Institutional Investors, Retail Individual Investors and Eligible NRIs applying on a non-repatriation basis^	White
Non-Residents including FPIs and Eligible NRIs applying on a repatriation basis^	Blue
Anchor Investors**	White
Eligible Employees Bidding in the Employee Reservation Portion***	Pink

** Excluding electronic Bid cum Application Forms*
***Bid cum Application Forms for Anchor Investors will be made available at the office of the GCBRLMs and the BRLM.*
^ Electronic Bid cum Application forms will also be available for download on the website of the NSE (www.nseindia.com) and the BSE (www.bseindia.com).
**** The Bid cum Application Forms for Eligible Employees will be available only at our Registered Office and our Corporate Office.*

Designated Intermediaries (other than SCSBs) shall submit/deliver the Bid cum Application Form to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or any Escrow Bank.

Who can Bid?

In addition to the category of Bidders set forth in "*General Information Document for Investing in Public Issues – Category of Investors Eligible to Participate in an Issue*" on page 607, any other persons eligible to Bid in the Offer under all applicable laws, regulations and guidelines applicable to them.

Participation by associates and affiliates of the GCBRLMs and the BRLM and the Syndicate Members, Promoter, Promoter Group and persons related to Promoter/Promoter Group

The GCBRLMs and the BRLM and the Syndicate Members shall not be allowed to purchase the Equity Shares in any manner, except towards fulfilling their underwriting obligations. However, the respective associates and affiliates of the GCBRLMs and the BRLM and the Syndicate Members may purchase Equity Shares in the Offer, either in the QIB Category or in the Non-Institutional Category as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including respective associates or affiliates of the GCBRLMs, the BRLM and

Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis. The Promoter, Promoter Group, the GCBRLMs and the BRLM and any persons related to the GCBRLMs and the BRLM (except Mutual Funds sponsored by entities related to the GCBRLMs and the BRLM) cannot apply in the Offer under the Anchor Investor Portion.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason therefore. Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid may be made in respect of each scheme of a Mutual Fund registered with the SEBI and such Bids in respect of more than one scheme of a Mutual Fund will not be treated as multiple Bids, provided that such Bids clearly indicate the scheme for which the Bid is submitted.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific scheme. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Eligible NRIs applying on a repatriation basis should authorise their SCSBs to block their Non-Resident External ("**NRE**") accounts, or Foreign Currency Non-Resident ("**FCNR**") accounts, and Eligible NRIs bidding on a non-repatriation basis should authorise their SCSBs to block their Non-Resident Ordinary ("**NRO**") accounts for the full Bid amount, at the time of submission of the Bid cum Application Form.

Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour).

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour).

Pursuant to the provisions of the FEMA regulations, investments by NRIs under the PIS is subject to certain limits, i.e., 10% of the paid-up equity share capital of the company. Such limit for NRI investment under the PIS route can be increased by passing a board resolution, followed by a special resolution by the Shareholders, subject to prior intimation to the RBI.

Bids by FPI

In terms of the Securities and Exchange Board of India (Foreign Portfolio Investor) Regulations 2014, as amended ("**SEBI FPI Regulations**"), investment in the Equity Shares by a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) shall be below 10% of our post-Offer Equity Share capital.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason.

FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for Non-Residents (blue in colour).

In terms of applicable FEMA regulations and the SEBI (Foreign Portfolio Investors) Regulations, 2014, as amended, investments by FPIs in the capital of an Indian company under the SEBI (Foreign Portfolio Investors) Regulations, 2014, as amended, is subject to certain limits, i.e. the individual holding of an FPI is restricted to below 10% of the capital of the company and the aggregate limit for FPI investment is capped at 24% of the capital of the company. Such aggregate limit for FPI investment in a company can be increased up to the applicable sectoral cap by passing a board resolution, followed by a special resolution by the shareholders, subject to prior intimation to the RBI. Our Company has not increased such aggregate limit for FPI investment.

Bids by SEBI registered Venture Capital Funds, Alternative Investment Funds and Foreign Venture Capital Investors

The FVCI Regulations and the SEBI AIF Regulations *inter-alia* prescribe the investment restrictions on the VCFs, FVCIs and AIFs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among others, the investment restrictions on AIFs.

Accordingly, the holding by any individual VCF or FVCI registered with SEBI in any company should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

The category I and II AIFs cannot invest more than 25% of the corpus in one investee company. A category III AIF cannot invest more than 10% of the corpus in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such fund shall not launch any new scheme after the notification of the SEBI AIF Regulations.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Further, according to the SEBI ICDR Regulations, the shareholding of VCFs, category I or category II AIFs and FVCIs held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing of a draft offer document with SEBI.

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 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 reserves the right to reject any Bid without assigning any reason therefor.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended (the "**Banking Regulation Act**"), and Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, is 10% of the paid-up share capital of the investee company or 10% of the banks' own paid-up share capital and reserves, whichever is less. Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the investee company's paid-up share capital and reserves. A banking company may hold up to 30% of the paid-up share capital of the investee company with the prior approval of the RBI provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the circulars dated September 13, 2012 and January 2, 2013 issued by the SEBI. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such Bids.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

Insurer companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by the IRDA from time to time to time including the IRDA Investment Regulations.

The exposure norms for insurers is prescribed in Regulation 5 of the Insurance Regulatory and Development Authority (Investment) Regulations, 2000 (the "IRDA Investment Regulations") are set forth below:

(a) equity shares of a company: the lower of 10% of the investee company's outstanding equity shares (face value) or 10% of the respective fund in case of a life insurer/ investment assets in case of a general insurer or a 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 a 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 respective fund of a life insurer or general insurance or 15% of the investment assets, 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 points (a), (b) or (c) above, as the case may be.

Insurer companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by the IRDA from time to time to time.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, eligible FPIs (including FIIs), AIFs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹ 250 million (subject to applicable laws) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLM, in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLM, may deem fit.

Bids by Anchor Investors

In accordance with the SEBI ICDR Regulations, the key terms for participation by Anchor Investors are provided below.

(i) Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the GCBRLMs and the BRLM.

(ii) 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.

(iii) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.

(iv) Bidding for Anchor Investors will open one Working Day before the Bid/ Offer Opening Date, i.e., the Anchor Investor Bidding Date, and will be completed on the same day.

(v) Our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLM will finalise 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) a maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹ 100 million;

(b) a 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.

(vi) 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 is made will be made available in the public domain by the GCBRLMs and the BRLM before the Bid/ Offer Opening Date, through intimation to the Stock Exchange.

(vii) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.

(viii) 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.

(ix) Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment.

(x) The GCBRLMs and the BRLM, our Promoters, members of the Promoter Group or any person related to them (except for Mutual Funds sponsored by entities related to the GCBRLMs and the BRLM) will not participate in the Anchor Investor Portion. The parameters for selection of Anchor Investors will be clearly identified by the GCBRLMs and the BRLM and made available as part of the records of the GCBRLMs and the BRLM for inspection by SEBI.

(xi) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered as multiple Bids.

For details in relation to Bids by Anchor Investors, see "*Offer Procedure – Part B – General Information Document for Investing in Public Issues*" on page 604.

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason therefor.

Bids by Eligible Employees

The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹ 500,000. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹ 500,000. However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 200,000. Only in the event of an under-subscription in the Employee Reservation Portion post the initial allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹ 200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000. Eligible Employees under the Employee Reservation Portion may Bid at Cut-off Price.

Bids under Employee Reservation Portion by Eligible Employees shall be:

(a) The Bidder should be an Eligible Employee as defined above. In case of joint bids, the first Bidder shall be an Eligible Employee.
(b) Made only in the prescribed Bid cum Application Form or Revision Form (*i.e.* pink colour form).
(c) The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter. The maximum Bid in this category by an Eligible Employee cannot exceed ₹ 500,000.
(d) Eligible Employees should mention their employee number at the relevant place in the Bid cum Application Form.
(e) Bid by Eligible Employees (subject to Bid Amount being up to ₹ 500,000) in the Employee Reservation Portion and in the Net Offer shall not be treated as multiple Bids.
(f) If the aggregate demand in this category is less than or equal to [•] Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
(g) The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹ 500,000. However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 200,000.

Only in the event of an under-subscription in the Employee Reservation Portion post the initial allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹ 200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000. If the aggregate demand in this category is greater than [•] Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, see "*Offer Procedure- Allotment Procedure and Basis of Allotment*" on page 630.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the GCBRLMs and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable laws or regulation or as specified in this Draft Red Herring Prospectus.

In accordance with RBI regulations, OCBs cannot participate in the Offer.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company will, after registering the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in [•] edition of [•] (a widely circulated English national daily newspaper), [•] edition of [•] (a widely circulated Hindi national daily newspaper) and [•] edition of [•] (a widely circulated Marathi newspaper, Marathi also being the regional language of Maharashtra where our Registered Office is located). Our Company shall, in the pre- Offer advertisement state the Bid/Offer Opening Date, the Bid/Offer Closing Date and the QIB Bid/Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule XIII of the SEBI ICDR Regulations.

Signing of Underwriting Agreement and filing of Prospectus with the RoC

Our Company and the Selling Shareholders intend to enter into an Underwriting Agreement with the Underwriters on or immediately after the finalisation of the Offer Price. After signing the Underwriting Agreement, our Company will file the Prospectus with the RoC. The Prospectus would have details of the Offer Price, Anchor Investor Offer Price, Offer size and underwriting arrangements and would be complete in all material respects.

General Instructions

Please note that QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Investors can revise their Bid(s) during the Bid/ Offer Period and withdraw their Bid(s) until Bid/ Offer Closing Date. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bidding Date.

***Do's*:**

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;

2. Ensure that you have Bid within the Price Band;

3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;

4. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;

5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time;

6. If the first applicant is not the bank account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have an account with an SCSB and have mentioned the correct bank account number of that SCSB in the Bid cum Application Form;

7. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;

8. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;

9. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;

10. Ensure that you request for and receive a stamped acknowledgement in the form of a counterfoil or by specifying the application number for all your Bid options as proof of registration of the Bid cum Application Form from the concerned Designated Intermediary;

11. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process to any of the Designated Intermediaries;

12. Submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;

13. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, and (iii) any other category of Bidders, including without limitation, multilateral/ bilateral institutions, which may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State

Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

14. Ensure that the Demographic Details are updated, true and correct in all respects;

15. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

16. Ensure that the category and the investor status is indicated in the Bid cum Application Form to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges;

17. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust etc., relevant documents, including a copy of the power of attorney, are submitted;

18. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;

19. Bidders should note that in case the DP ID, Client ID and the PAN mentioned in their Bid cum Application Form and entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Bids are liable to be rejected. Where the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in the same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form;

20. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors) is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at http://www.sebi.gov.in).

21. 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 via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid;

22. The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with;

23. Bids by Eligible NRIs and Category III FPIs for a Bid Amount of less than ₹ 200,000 would be considered under the Retail Category for the purposes of allocation and Bids for a Bid Amount exceeding ₹ 200,000 would be considered under the Non-Institutional Category for allocation in the Offer.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;
3. Do not Bid on another Bid cum Application Form after you have submitted a Bid to a Designated Intermediary;
4. Do not pay the Bid Amount in cash, by money order, cheques or demand drafts or by postal order or by stock

invest;

5. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
6. Anchor Investors should not Bid through the ASBA process;
7. Do not submit the Bid cum Application Forms to any non-SCSB bank or our Company;
8. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;
9. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
10. 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 the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;
11. Do not submit your Bid after 3.00 pm on the Bid/Offer Closing Date;
12. If you are a QIB, do not submit your Bid after 3.00 p.m. on the QIB Bid/Offer Closing Date;
13. Instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;
14. Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Bidders) and ₹ 500,000 for Bids by Eligible Employees Bidding in the Employee Reservation Portion;
15. Do not submit the General Index Register (GIR) number instead of the PAN;
16. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;
17. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA Account;
18. Do not submit more than five Bid cum Application Forms per ASBA Account;
19. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Investor;
20. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
21. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise; and
22. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository).

The Bid cum Application Form is liable to be rejected if any of the above instructions or any other condition mentioned in this Draft Red Herring Prospectus, as applicable, is not complied with.

Payment into Escrow Account

Our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLM, in their absolute discretion, will decide the list of Anchor Investors to whom the Allotment Advice will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. Anchor Investors are not permitted to Bid in the Offer through the ASBA process. Instead, Anchor Investors should transfer the Bid Amount (through direct credit, RTGS or NEFT). The payment instruments for payment into the Anchor Escrow Accounts should be drawn in favor of:

(i) In case of resident Anchor Investors: "[•]"

(ii) In case of non-resident Anchor Investors: "[•]"

Depository Arrangements

The Allotment of the Equity Shares in the Offer shall be only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, tripartite agreements had been signed among our Company, the respective Depositories and the Registrar to the Offer:

- Agreement dated November 10, 2010 among NSDL, our Company and the Registrar to the Offer.
- Agreement dated March 21, 2018 among CDSL, our Company and Registrar to the Offer.

Undertakings by our Company

Our Company undertakes the following:

(i) That the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;

(ii) If Allotment is not made, application monies will be refunded/unblocked in the ASBA Accounts within 15 days from the Bid/Offer Closing Date or such lesser time as specified by SEBI, failing which interest will be due to be paid to the Bidders at a rate as per applicable law, which is presently 15% per annum for the delayed period;

(iii) That all steps will be taken for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within six Working Days of the Bid/Offer Closing Date;

(iv) That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;

(v) Where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days from the Bid/ Offer Closing Date, or such time period as specified by SEBI, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

(vi) That, no further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded/ unblocked in the ASBA Accounts on account of non-listing, under-subscription etc.;

(vii) That if our Company or the Selling Shareholders do not proceed with the Offer after the Bid/Offer Closing Date but prior to Allotment, the reason thereof shall be given as a public notice within two days of the Bid/Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;

(viii) That if our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLM, withdraw the Offer after the Bid/Offer Closing Date, our Company shall be required to file a fresh offer document with the SEBI, in the event our Company or the Selling Shareholders subsequently decides to proceed with the Offer thereafter;

(ix) That our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time;

(x) That the allotment of securities/refund confirmation to Eligible NRIs shall be dispatched within specified time; and

(xi) That adequate arrangements shall be made to collect all Bid cum Application Forms.

Undertakings by the Selling Shareholders

The statements and undertakings set out below, in relation to each Selling Shareholder, are statements which are specifically confirmed or undertaken by such Selling Shareholder. Each Selling Shareholder, severally and not jointly, undertakes the following in respect of itself and the Equity Shares being offered by it pursuant to the Offer for Sale:

(i) The Equity Shares offered by it pursuant to the Offer for Sale are free and clear of any pre-emptive rights, liens, mortgages, charges, pledges or encumbrances and have been held by it for a period of at least one year prior to the date of this Draft Red Herring Prospectus or, to the extent that the Equity Shares being offered by such Selling Shareholder in the Offer have not been held by it for a period of at least one year prior to the filing of this Draft Red Herring Prospectus, such Equity Shares have resulted from conversion of convertible securities that have been held for a period of at least one year prior to the filing of this Draft Red Herring Prospectus, provided that, to the extent that the Equity Shares being offered have resulted from a bonus issue, the bonus issue has been on Equity Shares held for a period of at least one year prior to the filing of this DRHP;

(ii) It is the legal and beneficial owner of and has full title to the Equity Shares held by it which are being offered through the Offer for Sale;

(iii) That it shall provide all reasonable cooperation as requested by our Company in relation to the completion of the Allotment and dispatch of the Allotment Advice and CAN, if required, and refund orders (as applicable) to the requisite extent of the Equity Shares offered by them pursuant to the Offer;

(iv) The Selling Shareholder will not have recourse to the proceeds of the Offer which shall be held in escrow in its favours, until approval for trading of the Equity Shares from all Stock Exchanges where listing is sought has been received;

(v) The Selling Shareholder shall not offer any incentive whether direct and indirect, whether in case or kind on services or otherwise to any Bidder for making a Bid in the Offer. The Selling Shareholder will provide such reasonable support and extend such reasonable co-operation as may be required by our Company and the GC-BRLMs and BRLM in redressal of such investor grievances that pertain to the Equity Shares held by it and being offered pursuant to the Offer; and

(vi) The Selling Shareholder will take all such steps as may be required to ensure that the Equity Shares being sold by it in the Offer are available for transfer in the Offer.

The Selling Shareholders have authorized the Compliance Officer of our Company and the Registrar to the Offer to redress any complaints received from Bidders in respect of the Offer for Sale.

Utilization of Net Proceeds

The Selling Shareholders, along with our Company, specifically confirm and declare that all monies received from the Offer for Sale shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013.

PART B

General Information Document for Investing in Public Issues

This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, the SCRA, the SCRR and SEBI ICDR Regulations. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Offer. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Offer, and should carefully read the Red Herring Prospectus/Prospectus before investing in the Offer.

SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Book-Building Process as well as to the Fixed Price Offers. The purpose of the "General Information Document for Investing in Public Issues" is to provide general guidance to potential Bidders/Applicants in IPOs and FPOs, and on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the SEBI ICDR Regulations.

Bidders/Applicants should note that investment in equity and equity related securities involves risk and Bidder/Applicant should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Offer and the relevant information about the Issuer undertaking the Offer are set out in the Red Herring Prospectus ("**RHP**")/ Prospectus filed by the Issuer with the Registrar of Companies. Bidders/Applicants should carefully read the entire RHP/Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Offer. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the **BRLM(s)** to the Offer and on the website of Securities and Exchange Board of India ("**SEBI**") at www.sebi.gov.in.

For the definitions of capitalized terms and abbreviations used herein Bidders/Applicants may refer to the section "Glossary and Abbreviations".

SECTION 2: BRIEF INTRODUCTION TO IPOs/FPOs

2.1 Initial public offer (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Issuer Bidders/Applicants may refer to the RHP/Prospectus.

2.2 Further public offer (FPO)

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

For undertaking an FPO, the Issuer is *inter-alia* required to comply with the eligibility requirements in terms of Regulation 26/27 of SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Issuer Bidders/Applicants may refer to the RHP/Prospectus.

2.3 Other Eligibility Requirements:

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, the Companies Act, 2013 (to the extent notified and in effect), the Companies Act, 1956 (to the extent applicable), the SCRR, industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/Applicants may refer to the RHP/Prospectus.

2.4 Types of Public Issues – Fixed Price Issues and Book Built Issues

In accordance with the provisions of the SEBI ICDR Regulations, an Issuer can either determine the Offer Price through the Book Building Process ("**Book Built Issue**") or undertake a Fixed Price Offer ("**Fixed Price Issue**"). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-offer advertisement was given at least five Working Days before the Bid/Offer Opening Date, in case of an IPO and at least one Working Day before the Bid/Offer Opening Date, in case of an FPO.

The Floor Price or the Offer price cannot be lesser than the face value of the securities.

Bidders/Applicants should refer to the RHP/Prospectus or Offer advertisements to check whether the Offer is a Book Built Issue or a Fixed Price Issue.

2.5 OFFER PERIOD

The Offer may be kept open for a minimum of three Working Days (for all category of Bidders/Applicants) and not more than ten Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/Offer Period. Details of Bid/Offer Period are also available on the website of the Stock Exchange(s).

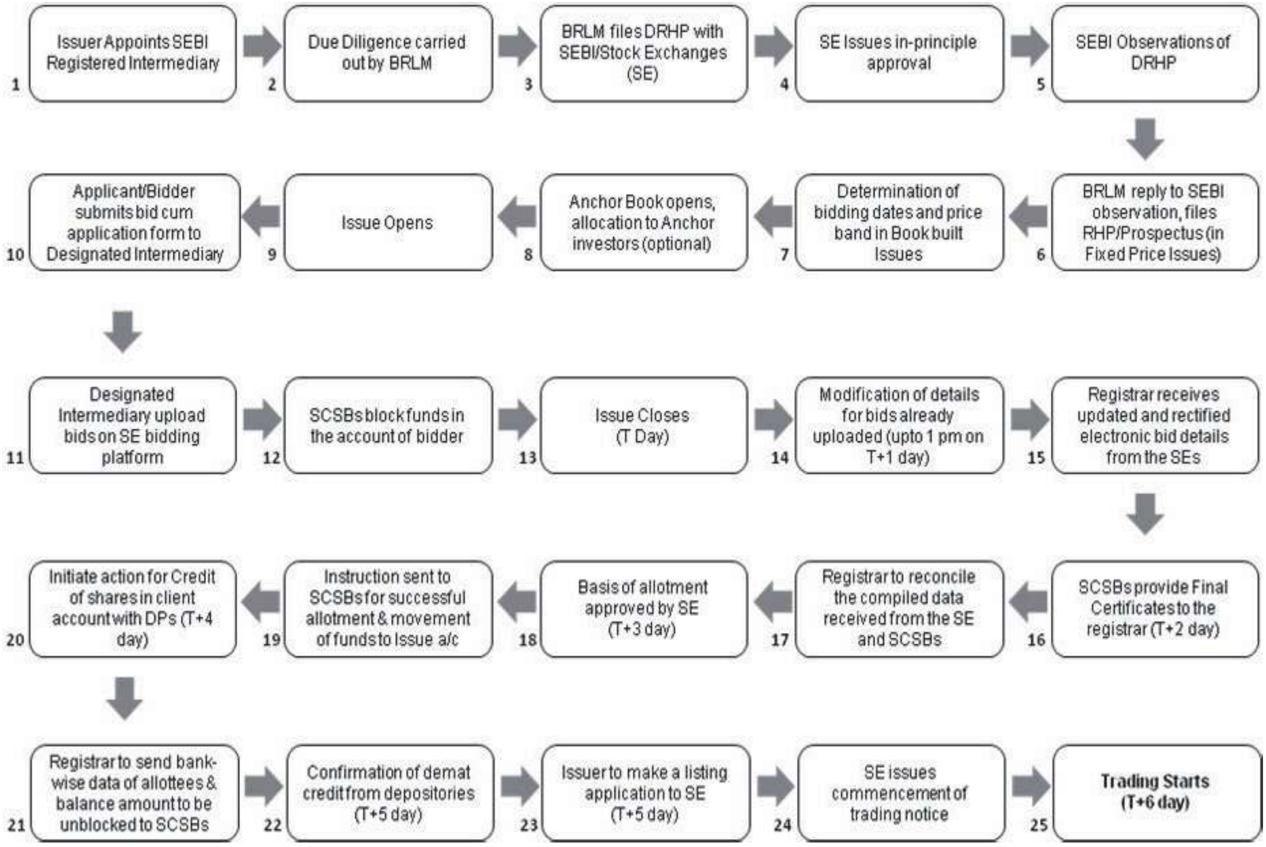
In case of a Book Built Issue, the Issuer may close the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/Offer Period may be extended by at least three Working Days, subject to the total Bid/Offer Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges and the BRLM(s), and the advertisement in the newspaper(s) issued in this regard.

2.6 FLOWCHART OF TIMELINES

A flow chart of process flow in Fixed Price and Book Built Issues is as follows. Bidders/Applicants may note that this is not applicable for Fast Track FPOs.:

- In case of Offer other than Book Build Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:

  (i) Step 7: Determination of Offer Date and Price
  (ii) Step 10: Applicant submits Bid cum Application Form with Designated Intermediaries.


1 Issuer Appoints SEBI Registered Intermediary
2 Due Diligence carried out by BRLM
3 BRLM files DRHP with SEBI/Stock Exchanges (SE)
4 SE Issues in-principle approval
5 SEBI Observations of DRHP
6 BRLM reply to SEBI observation, files RHP/Prospectus (in Fixed Price Issues)
7 Determination of bidding dates and price band in Book built Issues
8 Anchor Book opens, allocation to Anchor investors (optional)
9 Issue Opens
10 Applicant/Bidder submits bid cum application form to Designated Intermediary
11 Designated Intermediary upload bids on SE bidding platform
12 SCSBs block funds in the account of bidder
13 Issue Closes (T Day)
14 Modification of details for bids already uploaded (upto 1 pm on T+1 day)
15 Registrar receives updated and rectified electronic bid details from the SEs
16 SCSBs provide Final Certificates to the registrar (T+2 day)
17 Registrar to reconcile the compiled data received from the SE and SCSBs
18 Basis of allotment approved by SE (T+3 day)
19 Instruction sent to SCSBs for successful allotment & movement of funds to Issue a/c
20 Initiate action for Credit of shares in client account with DPs (T+4 day)
21 Registrar to send bank-wise data of allottees & balance amount to be unblocked to SCSBs
22 Confirmation of demat credit from depositories (T+5 day)
23 Issuer to make a listing application to SE (T+5 day)
24 SE issues commencement of trading notice
25 Trading Starts (T+6 day)

SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

Each Bidder/Applicant should check whether it is eligible to apply under applicable law. Furthermore, certain categories of Bidders/Applicants, such as NRIs, FII's, FPIs and FVCIs may not be allowed to Bid/Apply in the Offer or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

Subject to the above, an illustrative list of Bidders/Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- Bids/Applications belonging to an account for the benefit of a minor (under guardianship);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorised to hold and invest in equity shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations and other laws, as applicable);
- FPIs registered with SEBI, provided that any FII who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals Bidding only under the Non Institutional Investors (NIIs) category;
- FPIs other than Category III foreign portfolio investors Bidding under the QIBs category;
- FPIs which are Category III foreign portfolio investors, Bidding under the NIIs category;
- Trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares; Scientific and/or industrial research organisations in India, authorised to invest in equity shares;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI published in the Gazette of India;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008;
- Any other person eligible to Bid/Apply in the Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws; and
- As per the existing regulations, OCBs are not allowed to participate in an Offer.

SECTION 4: APPLYING IN THE ISSUE

Book Built Issue: Bidders should only use the specified Bid cum Application Form bearing stamp of a Designated Intermediary as available or downloaded from the websites of the Stock Exchanges.

Bid cum Application Forms are available with the Designated Intermediaries at the Bidding Centres and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/Offer Opening Date. For further details regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/Prospectus. For Anchor Investors, Bid cum Application Forms shall be available at the offices of the BRLM.

Fixed Price Issue: Applicants should only use the specified Bid cum Application Form bearing the stamp of the Designated Intermediary as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Designated Branches of the SCSBs and at the registered office of the Issuer. For further details regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed colour of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

Category	Colour of the Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non-repatriation basis	White
NRIs, FVCIs, FIIs, their sub-accounts (other than sub-accounts which are foreign corporate(s) or foreign individuals bidding under the QIB), FPIs on a repatriation basis	Blue
Anchor Investors (where applicable) & Bidders/Applicants Bidding/applying in the reserved category	As specified by the Issuer

Securities issued in an IPO can only be in dematerialized form in accordance with Section 29 of the Companies Act, 2013. Bidders/Applicants will not have the option of getting the Allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to Allotment.

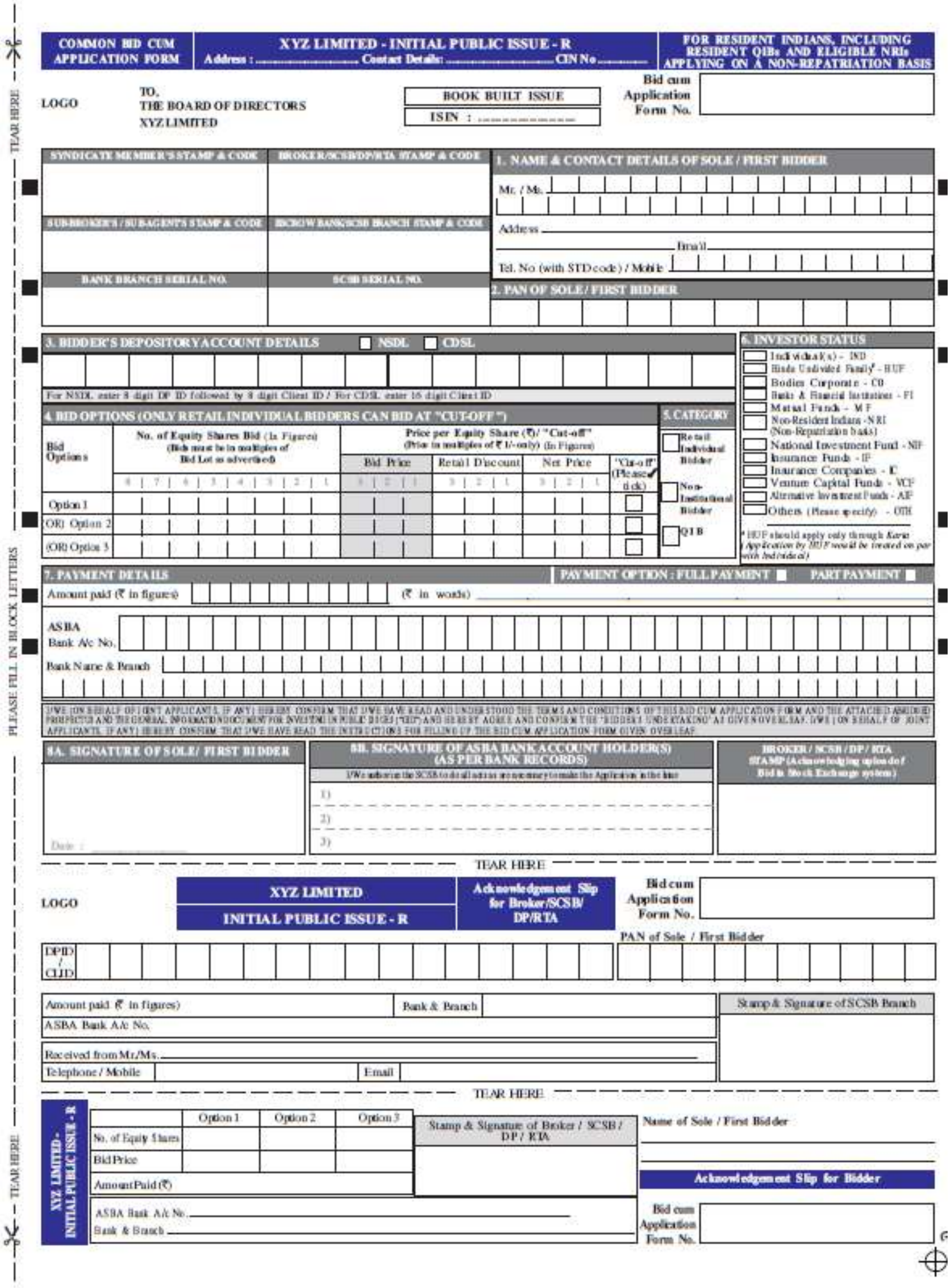
4.1 INSTRUCTIONS FOR FILLING THE BID CUM APPLICATION FORM/ APPLICATION FORM

Bidders/Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non-resident Bidders are reproduced below:

Application Form – For Residents



Application Form – For Non – Residents

TEAR HERE

COMMON BID CUM APPLICATION FORM	XYZ LIMITED - INITIAL PUBLIC ISSUE - NR Address : .... Contact Details: .... CIN No	FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIS, FPIS OR FVCIS, ETC APPLYING ON A REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE

ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	**ESCROW BANK/SCSB BRANCH STAMP & CODE**
BANK BRANCH SERIAL NO.	**SCSB SERIAL NO.**

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			
		Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓ tick)
	8 | 7 | 6 | 5 | 4 | 3 | 2 | 1	3 | 2 | 1	3 | 2 | 1	3 | 2 | 1	
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. CATEGORY

☐ Retail Individual Bidder
☐ Non-Institutional Bidder
☐ QIB

6. INVESTOR STATUS

NRI	Non-Resident Indian(s) (Repatriation basis)
FII	FII or Sub-account not a Corporate/Foreign Individual
FIISA	FII Sub-account Corporate/Individual
FVCI	Foreign Venture Capital Investor
FPI	Foreign Portfolio Investors
OTH	Others (Please Specify)______

7. PAYMENT DETAILS PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐

Amount paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

8A. SIGNATURE OF SOLE/ FIRST BIDDER	8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)	BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)
	I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue	
	1)	
	2)	
Date : ________	3)	

TEAR HERE

LOGO

XYZ LIMITED INITIAL PUBLIC ISSUE - NR	Acknowledgement Slip for Broker/SCSB/ DP/RTA	Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Amount paid (₹ in figures)	Bank & Branch	Stamp & Signature of SCSB Branch
ASBA Bank A/c No.		
Received from Mr./Ms.		
Telephone / Mobile	Email	

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC ISSUE - NR

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

ASBA Bank A/c No.

Bank & Branch

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

4.1.1 **FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/FIRST BIDDER/APPLICANT**

(a) Bidders/Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

(b) **Mandatory Fields**: Bidders/Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Bidders/Applicants should note that the contact details mentioned in the Bid-cum Application Form/Application Form may be used to dispatch communications (including letters notifying the unblocking of the bank accounts of Bidders (other than Anchor Investors) in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, Designated Intermediaries and the Registrar to the Offer only for correspondence(s) related to an Offer and for no other purposes.

(c) **Joint Bids/Applications**: In the case of Joint Bids/Applications, the Bids /Applications should be made in the name of the Bidder/Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder/Applicant would be required in the Bid cum Application Form/Application Form and such first Bidder/Applicant would be deemed to have signed on behalf of the joint holders. All communications may be addressed to such Bidder/Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.

(d) **Impersonation**: Attention of the Bidders/Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"*Any person who:*

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

***shall be liable for action under Section 447.*"**

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

(e) **Nomination Facility to Bidder/Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of Allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/Applicants should inform their respective DP.

4.1.2 **FIELD NUMBER 2: PAN OF SOLE/FIRST BIDDER/APPLICANT**

(a) PAN (of the sole/ first Bidder/Applicant) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held as per the Depositories' records.

(b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/Applications on behalf of the Central or State

Government, Bids/Applications by officials appointed by the courts and Bids/Applications by Bidders/Applicants residing in Sikkim ("PAN Exempted Bidders/Applicants"). Consequently, all Bidders/Applicants, other than the PAN Exempted Bidders/Applicants, are required to disclose their PAN in the Bid cum Application Form/Application Form, irrespective of the Bid/Application Amount. A Bid cum Application Form/Application Form without PAN, except in case of Exempted Bidders/Applicants, is liable to be rejected. Bids/Applications by the Bidders/Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

(c) The exemption for the PAN Exempted Bidders/Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

(d) Bid cum Application Forms/Application Forms which provide the General Index Register Number instead of PAN may be rejected.

(e) Bids/Applications by Bidders whose demat accounts have been 'suspended for credit' are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as "Inactive demat accounts" and Demographic Details are not provided by depositories.

4.1.3 **FIELD NUMBER 3: BIDDERS/APPLICANTS DEPOSITORY ACCOUNT DETAILS**

(a) Bidders/Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form/Application Form is liable to be rejected.**

(b) Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active.

(c) Bidders/Applicants should note that on the basis of the PAN, DP ID and Client ID as provided in the Bid cum Application Form/Application Form, the Bidder/Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Offer, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for any correspondence(s) related to an Offer.

(d) Bidders/Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants' sole risk.

4.1.4 **FIELD NUMBER 4: BID OPTIONS**

(a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/Offer Opening Date in case of an IPO, and at least one Working Day before Bid/Offer Opening Date in case of an FPO.

(b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs /FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (For further details bidders may refer to (Section 5.6 (e))

(c) **Cut-Off Price:** Retail Individual Investors or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process. Bidding at the Cut-off

Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.

(d) **Minimum Application Value and Bid Lot**: The Issuer in consultation with the BRLM may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum application value.

(e) **Allotment:** The Allotment of specified securities to each RII shall not be less than the minimum Bid Lot, subject to availability of shares in the RII category, and the remaining available shares, if any, shall be Allotted on a proportionate basis. For details of the Bid Lot, Bidders may to the RHP/Prospectus or the advertisement regarding the Price Band published by the Issuer.

4.1.4.1 **Maximum and Minimum Bid Size**

(a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Investors, Employees and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed ₹ 200,000.

In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, with it not being eligible for Discount then such Bid may be rejected if it is at the Cut-off Price.

(b) For NRIs, a Bid Amount of up to ₹ 200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ₹ 200,000 may be considered under the Non-Institutional Category for the purposes of allocation.

(c) Bids by QIBs and NIIs must be for such minimum number of shares such that the Bid Amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off Price'.

(d) RII may revise or withdraw their bids until Bid/Offer Closing Date. QIBs and NII's cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after bidding and are required to pay the Bid Amount upon submission of the Bid.

(e) In case the Bid Amount reduces to ₹ 200,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Bidders who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.

(f) For Anchor Investors, if applicable, the Bid Amount shall be least ₹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 price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Category under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/Offer Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Offer Price is lower than the Offer Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Offer Price is lower than the Anchor Investor Offer Price, the amount in excess of the Offer Price paid by the Anchor Investors shall not be refunded to them.

(g) A Bid cannot be submitted for more than the Offer size.

(h) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.

(i) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Offer Price, the number of Equity Shares Bid for by a Bidder at or above the Offer Price may be considered for Allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of Bidders may refer to (Section 5.6 (e)).

4.1.4.2 **Multiple Bids**

(a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of Bids at three different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

Submission of a second Bid cum Application Form to either the same or to another Designated Intermediary and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

(b) Bidders are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple Bids:

(i) All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.

(ii) For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.

(c) The following Bids may not be treated as multiple Bids:

(i) Bids by Reserved Categories Bidding in their respective Reservation Portion as well as bids made by them in the Net Offer portion in public category.

(ii) Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.

(iii) Bids by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

(iv) Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

4.1.5 **FIELD NUMBER 5 : CATEGORY OF BIDDERS**

(a) The categories of Bidders identified as per the SEBI ICDR Regulations for the purpose of Bidding, allocation and allotment in the Offer are RIIs, NIIs and QIBs.

(b) Up to 60% of the QIB Category can be allocated by the Issuer, on a discretionary basis subject to the criteria of minimum and maximum number of Anchor Investors based on allocation size, to the Anchor Investors, in accordance with SEBI ICDR Regulations, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Offer Price. For details regarding allocation to Anchor Investors, Bidders may refer to the RHP/Prospectus.

(c) An Issuer can make reservation for certain categories of Bidders/Applicants as permitted under the SEBI ICDR Regulations. For details of any reservations made in the Offer, Bidders/Applicants may refer to the RHP/Prospectus.

(d) The SEBI ICDR Regulations, specify the allocation or Allotment that may be made to various categories of Bidders in an Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation Bidder/Applicant may refer to the RHP/Prospectus.

4.1.6 **FIELD NUMBER 6: INVESTOR STATUS**

(a) Each Bidder/Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective Allotment to it in the Offer is in compliance with the investment restrictions under applicable law.

(b) Certain categories of Bidders/Applicants, such as NRIs, FIIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Offer or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

(c) Bidders/Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.

(d) Bidders/Applicants should ensure that their investor status is updated in the Depository records.

4.1.7 **FIELD NUMBER 7: PAYMENT DETAILS**

(a) The full Bid Amount (net of any Discount, as applicable) shall be blocked based on the authorization provided in the Bid cum Application Form. If the Discount is applicable in the Offer, the RIIs should indicate the full Bid Amount in the Bid cum Application Form and the payment shall be blocked for the Bid Amount net of Discount. Only in cases where the RHP/Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.

(b) RIIs who Bid at Cut-off price shall be blocked on the Cap Price.

(c) All Bidders (except Anchor Investors) can participate in the Offer only through the ASBA mechanism.

(d) Bid Amount cannot be paid in cash, cheque, demand draft, through money order or through postal order.

4.1.7.1. **Instructions for Anchor Investors:**

(a) Anchor Investors may submit their Bids with a Book Running Lead Manager.

(b) Payments should be made either by RTGS or NEFT.

(c) The Anchor Escrow Bank(s) shall maintain the monies in the Anchor Escrow Account for and on behalf of the Anchor Investors until the Designated Date.

4.1.7.2. **Payment instructions for Bidders (other than Anchor Investors)**

(a) Bidders may submit the Bid cum Application Form either

(i) in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or

(ii) in physical mode to any Designated Intermediary.

(b) Bidders must specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by a Bidder and which is accompanied by cash, demand draft, cheque, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.

(c) Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder;

(d) Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

(e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.

(f) Bidders should submit the Bid cum Application Form only at the Bidding Centers, i.e. to the respective member of the Syndicate at the Specified Locations, the SCSBs, the Registered Broker at the Broker Centres, the CRTA at the Designated RTA Locations or CDP at the Designated CDP Locations.

(g) **Bidders bidding through Designated Intermediaries** other than a SCSB, should note that ASBA Forms submitted to such Designated Intermediary may not be accepted, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for such Designated Intermediary, to deposit ASBA Forms.

(h) **Bidders bidding directly through the SCSBs** should ensure that the Bid cum Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

(i) Upon receipt of the Bid cum Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.

(j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.

(k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Bids on the Stock Exchange platform and such bids are liable to be rejected.

(l) Upon submission of a completed Bid cum Application Form each Bidder may be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount specified in the Bid cum Application Form in the ASBA Account maintained with the SCSBs.

(m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Offer Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Bid, as the case may be.

(n) SCSBs bidding in the Offer must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

4.1.7.1.1 **Unblocking of ASBA Account**

(a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Offer may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Offer Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Offer Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Offer Account, (iv) the amount to be unblocked, if any in case of partial allotments and (v) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn or unsuccessful Bids, if any, to enable the SCSBs to unblock the respective bank accounts.

(b) On the basis of instructions from the Registrar to the Offer, the SCSBs may transfer the requisite amount against each successful Bidder to the Public Offer Account and may unblock the excess amount, if any, in the ASBA Account.

(c) In the event of withdrawal or rejection of the Bid cum Application Form and for unsuccessful

Bids, the Registrar to the Offer may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Bid/Offer Closing Date.

4.1.7.2 **Discount** (if applicable)

(a) The Discount is stated in absolute rupee terms.

(b) Bidders applying under RII category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Offer, Bidders may refer to the RHP/Prospectus.

(c) The Bidders entitled to the applicable Discount in the Offer may block for an amount i.e. the Bid Amount less Discount (if applicable).

Bidder (other than employees) may note that in case the net amount blocked (post Discount) is more than two lakh Rupees, the Bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RII category.

4.1.8 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

(a) Only the First Bidder/Applicant is required to sign the Bid cum Application Form/Application Form. Bidders/Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.

(b) If the ASBA Account is held by a person or persons other than the Bidder/Applicant, then the Signature of the ASBA Account holder(s) is also required.

(c) The signature has to be correctly affixed in the authorization/undertaking box in the Bid cum Application Form/Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form/Application Form.

(d) Bidders/Applicants must note that Bid cum Application Form/Application Form without signature of Bidder/Applicant and /or ASBA Account holder is liable to be rejected.

4.1.9 **ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

(a) Bidders should ensure that they receive the Acknowledgment slip or the acknowledgement number duly signed and stamped by a Designated Intermediary, as applicable, for submission of the Bid cum Application Form.

(b) All communications in connection with Bids/Applications made in the Offer should be addressed as under:

(i) In case of queries related to Allotment, non-receipt of Allotment Advice, credit of Allotted Equity Shares, unblocking of funds, the Bidders/Applicants should contact the Registrar to the Issue.

(ii) In case of Bids submitted to the Designated Branches of the SCSBs, the Bidders/Applicants should contact the relevant Designated Branch of the SCSB.

(iii) In case of queries relating to uploading of Syndicate ASBA Bids, the Bidders/Applicants should contact the relevant Syndicate Member.

(iv) In case of queries relating to uploading of Bids by a Designated Intermediary, the Bidders/Applicants should contact the relevant Designated Intermediary.

(v) Bidder/Applicant may contact the Chief Financial Officer and Compliance Officer or BRLM(s) in case of any other complaints in relation to the Issue.

(c) The following details (as applicable) should be quoted while making any queries –

(i) full name of the sole or First Bidder/Applicant, Bid cum Application Form number, Applicants'/Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, amount paid on application.

(ii) name and address of the Designated Intermediary, where the Bid was submitted or

(iii) Bids, ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

For further details, Bidder/Applicant may refer to the RHP/Prospectus and the Bid cum Application Form.

4.2 INSTRUCTIONS FOR FILING THE REVISION FORM

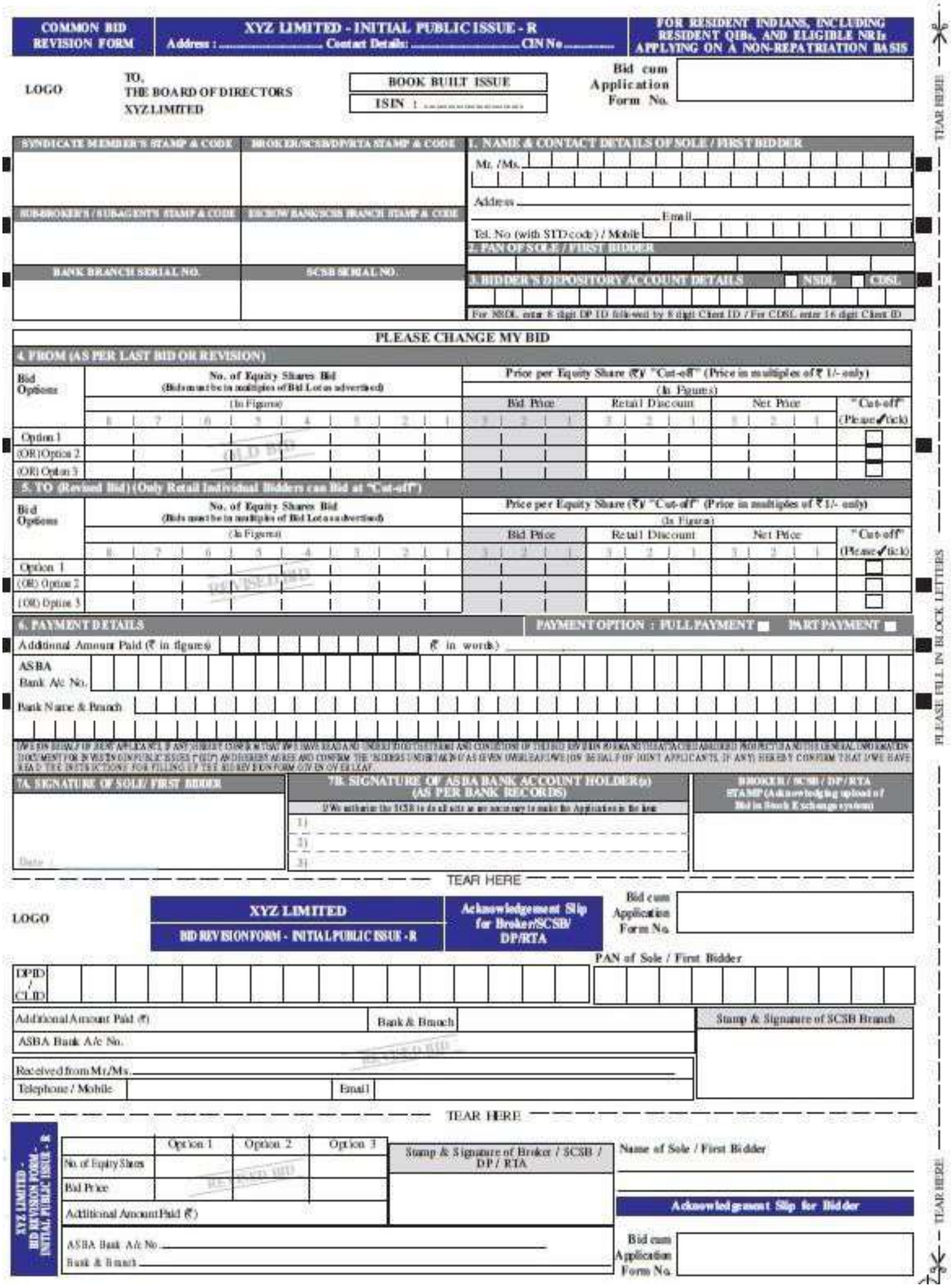
(a) During the Bid/Offer Period, any Bidder/Applicant (other than QIBs and NIIs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.

(b) RII may revise their Bids or withdraw their bids until Bid/Offer Closing date.

(c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.

(d) The Bidder/Applicant can make this revision any number of times during the Bid/ Offer Period. However, for any revision(s) in the Bid, the Bidders/Applicants will have to use the services of the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid. Bidders/Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

A sample revision form is reproduced below:



COMMON BID REVISION FORM | XYZ LIMITED - INITIAL PUBLIC ISSUE - R | FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs, AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS

Address : .... Contact Details: .... CIN No................

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE
ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE | BROKER/SCSB/DP/RTA STAMP & CODE

SUB-BROKER'S / SUB-AGENT'S STAMP & CODE | ESCROW BANK/SCSB BRANCH STAMP & CODE

BANK BRANCH SERIAL NO. | SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS NSDL CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

PLEASE CHANGE MY BID

4. FROM (AS PER LAST BID OR REVISION)

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓ tick)
	8 7 6 5 4 3 2 1	3 2 1	3 2 1	3 2 1	
Option 1					
(OR) Option 2	OLD BID				
(OR) Option 3					

5. TO (Revised Bid) (Only Retail Individual Bidders can Bid at "Cut-off")

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓ tick)
	8 7 6 5 4 3 2 1	3 2 1	3 2 1	3 2 1	
Option 1					
(OR) Option 2	REVISED BID				
(OR) Option 3					

6. PAYMENT DETAILS | PAYMENT OPTION : FULL PAYMENT | PART PAYMENT

Additional Amount Paid (₹ in figures) | (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID REVISION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID REVISION FORM GIVEN OVERLEAF.

7A. SIGNATURE OF SOLE/ FIRST BIDDER | 7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS) | BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)

I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue

1)
2)
3)

Date :

TEAR HERE

LOGO | XYZ LIMITED BID REVISION FORM - INITIAL PUBLIC ISSUE - R | Acknowledgement Slip for Broker/SCSB/ DP/RTA | Bid cum Application Form No.

PAN of Sole / First Bidder

DPID / CLID

Additional Amount Paid (₹) | Bank & Branch | Stamp & Signature of SCSB Branch

ASBA Bank A/c No.

Received from Mr./Ms.

Telephone / Mobile | Email

TEAR HERE

XYZ LIMITED - BID REVISION FORM - INITIAL PUBLIC ISSUE - R

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Additional Amount Paid (₹)			

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

ASBA Bank A/c No.

Bank & Branch

Bid cum Application Form No.

TEAR HERE | PLEASE FILL IN BLOCK LETTERS

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

4.2.1 **FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY**

ACCOUNT DETAILS OF THE BIDDER/APPLICANT

Bidders/Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.2.2 **FIELD 4 & 5: BID OPTIONS REVISION 'FROM' AND 'TO'**

(a) Apart from mentioning the revised options in the Revision Form, the Bidder/Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder/Applicant has Bid for three options in the Bid cum Application Form and such Bidder/Applicant is changing only one of the options in the Revision Form, the Bidder/Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The Designated Intermediaries may not accept incomplete or inaccurate Revision Forms.

(b) In case of revision, Bid options should be provided by Bidders/Applicants in the same order as provided in the Bid cum Application Form.

(c) In case of revision of Bids by RIIs and Retail Individual Shareholders, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹ 200,000. In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIIs and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹500,000 on a net basis. However, Allotment to an Eligible Employee in the Employee Reservation Portion may exceed ₹200,000 (which will be less Employee Discount) only in the event of an under-subscription in the Employee Reservation Portion and such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (which will be less Employee Discount).

(d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the RHP/Prospectus. If, however, the RII does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RII and the RII is deemed to have approved such revised Bid at Cut-off Price.

(e) In case of a downward revision in the Price Band, RIIs and Bids by Employees under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding will be unblocked.

4.2.3 **FIELD 6: PAYMENT DETAILS**

(a) All Bidders/Applicants are required to authorize blocking of the full Bid Amount (less Discount (if applicable) at the time of submitting the Bid Revision Form. In case of Bidders/Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.

(b) Bidder/Applicant, Bidder/Applicant may Offer instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same Designated Intermediary through whom such Bidder/Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.

(c) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds ₹ 200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the Bidder/Applicant does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for may be adjusted downwards for the purpose of Allotment, such that no additional amount is required for blocking Bidder/Applicant and the Bidder/Applicant is deemed to have approved such revised Bid at the Cut-off Price.

(d) In case of a downward revision in the Price Band, RIIs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked.

4.2.4 **FIELDS 7 : SIGNATURES AND ACKNOWLEDGEMENTS**

Bidders/Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

4.3 INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)

4.3.1 **FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.3.2 **FIELD 4: PRICE, APPLICATION QUANTITY & AMOUNT**

(a) The Issuer may mention Price or Price Band in the draft Prospectus. However, a prospectus registered with RoC contains one price or coupon rate (as applicable).

(b) **Minimum Application Value and Bid Lot**: The Issuer in consultation with the Lead Manager to the Offer (LM) may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.

(c) Applications by RIIs**,** Employees and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed ₹ 200,000.

(d) Applications by other investors must be for such minimum number of shares such that the application amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be.

(e) An application cannot be submitted for more than the Offer size.

(f) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.

(g) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or other SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.

(h) Applicants are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple applications:

(i) All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple applications by a Bidder/Applicant and may be rejected.

(ii) For applications from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.

(i) The following applications may not be treated as multiple Bids:

(a) Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Net Offer portion in public category.

(b) Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.

(c) Applications by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

4.3.3 **FIELD NUMBER 5 : CATEGORY OF APPLICANTS**

(a) The categories of applicants identified as per the SEBI ICDR Regulations for the purpose of Bidding, allocation and Allotment in the Offer are RIIs, individual applicants other than RII's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).

(b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations. For details of any reservations made in the Offer, applicants may refer to the Prospectus.

(c) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of applicants in an Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation applicant may refer to the Prospectus.

4.3.4 **FIELD NUMBER 6: INVESTOR STATUS**

Applicants should refer to instructions contained in paragraphs 4.1.6.

4.3.5 **FIELD 7: PAYMENT DETAILS**

(a) All Applicants (other than Anchor Investors) are required to make use ASBA for applying in the Offer

(b) Application Amount cannot be paid in cash, cheques or demand drafts through money order or through postal order or through stock invest.

4.3.5.1 **Payment instructions for Applicants**

(a) Applicants may submit the Application Form in physical mode to the Designated Intermediaries.

(b) Applicants must specify only such Bank Account number maintained with the SCSB in the Application Form. The Application Form submitted by an ASBA Applicant and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, will not be accepted.

(c) Applicants should ensure that the Application Form is also signed by the ASBA Account holder(s) if the Applicant is not the ASBA Account holder;

(d) Applicants shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

(e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.

(f) Applicants bidding directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

(g) Upon receipt of the Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form.

(h) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Application Amount mentioned in the Application Form and may upload the details on the Stock Exchange Platform.

(i) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Applications on the Stock Exchange platform and such Applications are liable to be rejected.

(j) Upon submission of a completed Application Form each Applicant may be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount specified in the Application Form in the ASBA Account maintained with the SCSBs.

(k) The Application Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Offer Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Application, as the case may be.

(l) SCSBs applying in the Offer must apply through an ASBA Account maintained with any other SCSB; else their Applications are liable to be rejected.

4.3.5.2 **Unblocking of ASBA Account**

(a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Offer may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Offer Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Application, (ii) the amount to be transferred from the relevant bank account to the Public Offer Account, for each Application, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Offer Account, and (iv) details of rejected Applications, if any, along with reasons for rejection and details of withdrawn or unsuccessful Applications, if any, to enable the SCSBs to unblock the respective bank accounts.

(b) On the basis of instructions from the Registrar to the Offer, the SCSBs may transfer the requisite amount against each successful Application to the Public Offer Account and may unblock the excess amount, if any, in the ASBA Account.

(c) In the event of withdrawal or rejection of the Application Form and for unsuccessful Applications, the Registrar to the Offer may give instructions to the SCSB to unblock the Application Amount in the relevant ASBA Account within six Working Days of the Offer Closing Date.

4.3.5.3 **Discount** (if applicable)

(a) The Discount is stated in absolute rupee terms.

(b) RIIs, Employees and Retail Individual Shareholders are only eligible for discount. For Discounts offered in the Issue, applicants may refer to the Prospectus.

(c) The Applicants entitled to the applicable Discount in the Offer may make payment for an amount i.e. the Application Amount less Discount (if applicable).

4.3.6 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS & ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

Applicants should refer to instructions contained in paragraphs 4.1.8 & 4.1.9.

4.4 SUBMISSION OF BID CUM APPLICATION FORM/ REVISION FORM/APPLICATION

FORM

4.4.1 **Bidders/Applicants may submit completed Bid-cum-application form / Revision Form in the following manner:-**

Mode of Application	Submission of Bid cum Application Form
Anchor Investors Application Form	To the Book Running Lead Managers at the Specified Locations mentioned in the Bid cum Application Form
All Applications (other than Anchor Investors)	(a) To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres or the CRTAs at the Designated RTA Locations or the CDPs at the Designated CDP Locations (b) To the Designated Branches of the SCSBs where the ASBA Account is maintained

(a) Bidders/Applicants should submit the Revision Form to the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid.

(b) Upon submission of the Bid-cum-Application Form, the Bidder/Applicant will be deemed to have authorized the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the Registrar of Companies (RoC) and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/Applicant.

(c) Upon determination of the Offer Price and filing of the Prospectus with the RoC, the Bid-cum-Application Form will be considered as the application form.

SECTION 5: OFFER PROCEDURE IN BOOK BUILT ISSUE

Book Building, in the context of the Offer, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Offer Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations. The Offer Price is finalised after the Bid/Offer Closing Date. Valid Bids received at or above the Offer Price are considered for allocation in the Issue, subject to applicable regulations and other terms and conditions.

5.1 SUBMISSION OF BIDS

(a) During the Bid/Offer Period, Bidders/Applicants may approach any of the Designated Intermediary to register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the Book Running Lead Manager to register their Bid.

(b) In case of Bidders/Applicants (excluding NIIs and QIBs) bidding at Cut-off Price, the Bidders/Applicants may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable).

(c) For Details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders/Applicants are requested to refer to the RHP.

5.2 ELECTRONIC REGISTRATION OF BIDS

(a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.

(b) On the Bid/Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges.

(c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/ Allotment. The Designated Intermediaries are given till 1:00 pm on the day following the

Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

5.3 BUILD UP OF THE BOOK

(a) Bids received from various Bidders/Applicants through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLM at the end of the Bid/Offer Period.

(b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the Bidding centres during the Bid/Offer Period.

5.4 WITHDRAWAL OF BIDS

(a) RIIs can withdraw their Bids until Bid/Offer Closing Date. In case a RII wishes to withdraw the Bid, the same can be done by submitting a request for the same to the concerned Designated Intermediary, who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.

(b) The Registrar to the Offer shall give instruction to the SCSB for unblocking the ASBA Account upon or after the finalization of basis of Allotment. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

5.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS

(a) The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to

(i) the Bids accepted by the Designated Intermediary;

(ii) the Bids uploaded by the Designated Intermediary; and

(iii) the Bid cum application forms accepted but not uploaded by the Designated Intermediaries.

(b) The BRLM and their affiliate Syndicate Members, as the case may be, may reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect.

(c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.

(d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) BRLM and their affiliate Syndicate Members (only in the specified locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.

(e) All bids by QIBs, NIIs & RIIs Bids can be rejected on technical grounds listed herein.

5.5.1 **GROUNDS FOR TECHNICAL REJECTIONS**

Bid cum Application Forms/Application Form can be rejected on the below mentioned technical grounds either at the time of their submission to any of the Designated Intermediaries, or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected, inter-alia, on the following grounds, which have been detailed at various placed in this GID:-

(a) Bid/Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);

(b) Bids/Applications of Bidders (other than Anchor Investors) accompanied by cash, draft, cheques, money order or any other mode of payment other than amounts blocked in the Bidders' ASBA Account maintained with an SCSB;

(c) Bids/Applications by OCBs;

(d) In case of partnership firms, Bid/Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;

(e) In case of Bids/Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not being submitted along with the Bid cum application form/Application Form;

(f) Bids/Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

(g) Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;

(h) Bids/Applications by persons in the United States;

(i) DP ID and Client ID not mentioned in the Bid cum Application Form/Application Form;

(j) PAN not mentioned in the Bid cum Application Form/Application Form except for Bids/Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;

(k) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;

(l) Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;

(m) Bids/Applications at a price less than the Floor Price & Bids/Applications at a price more than the Cap Price;

(n) Bids/Applications at Cut-off Price by NIIs and QIBs;

(o) The amounts mentioned in the Bid cum Application Form/Application Form does not tally with the amount payable for the value of the Equity Shares Bid/Applied for;

(p) Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;

(q) Submission of more than five Bid cum Application Forms/Application Form as per ASBA Account;

(r) Bids/Applications for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the RHP;

(s) Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;

(t) Bid cum Application Forms/Application Forms are not delivered by the Bidders/Applicants within the time prescribed as per the Bid cum Application Forms/Application Form, Bid/Offer Opening Date advertisement and as per the instructions in the RHP and the Bid cum Application Forms;

(u) Bank account mentioned in the Bid cum Application Form may not be an account maintained by SCSB. Inadequate funds in the bank account to block the Bid/Application Amount specified in the Bid cum Application Form/ Application Form at the time of blocking such Bid/Application Amount in the bank account;

(v) In case of Anchor Investors, Bids/Applications where sufficient funds are not available in Anchor Escrow Accounts as per final certificate from the Anchor Escrow Bank;

(w) Where no confirmation is received from SCSB for blocking of funds;

(x) Bids/Applications by Bidders (other than Anchor Investors) not submitted through ASBA process;

(y) Bid cum Application Form submitted to Designated Intermediaries at locations other than the Bidding Centers or to the Anchor Escrow Bank (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the issuer or the Registrar to the Offer;

(z) Bids/Applications not uploaded on the terminals of the Stock Exchanges;

(aa) Bids/Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form.

5.6 BASIS OF ALLOCATION

(a) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of Bidders/Applicants in an Offer depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Offer size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP / Prospectus. For details in relation to allocation, the Bidder/Applicant may refer to the RHP / Prospectus.

(b) Under-subscription in any category (except QIB category) is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLM and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations. Unsubscribed portion in QIB Category is not available for subscription to other categories.

(c) In case of under subscription in the Net Issue, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Net Issue. For allocation in the event of an under-subscription applicable to the Issuer, Bidders/Applicants may refer to the RHP.

(d) **Illustration of the Book Building and Price Discovery Process**

Bidders should *note that this example is solely for illustrative purposes and is not specific to the Issue; it also excludes Bidding by Anchor Investors.*

Bidders can bid at any price within the price band. For instance, assume a price band of ₹ 20 to ₹ 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the equity shares of the issuer at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Amount (₹)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to Offer the desired number of equity shares is the price at which the book cuts off, i.e., ₹ 22.00 in the above example. The issuer, in consultation with the book running lead managers, may finalise the Offer Price at or below such cut-off price, i.e., at or below ₹ 22.00. All bids at or above this Offer Price and cut-off bids are valid bids and are considered for allocation in the respective categories.

(e) **Alternate Method of Book Building**

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of Bidding (**"Alternate Book Building Process"**).

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/Offer Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIIs, NIIs and Employees are Allotted Equity Shares at the Floor Price and allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the Allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be Allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/or quantity and also decide whether a Bidder be allowed single or multiple bids.

SECTION 6: OFFER PROCEDURE IN FIXED PRICE ISSUE

Applicants may note that there is no Bid cum Application Form in a Fixed Price Issue. As the Offer Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through the Designated Intermediary.

ASBA Applicants may submit an Application Form either in physical form to the Designated Intermediaries or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only (**"ASBA Account"**). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/Offer Opening Date.

In a fixed price Issue, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/Applicants may refer to the relevant section of the GID.

SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

The Allotment of Equity Shares to Bidders/Applicants other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to RHP/Prospectus. No Retail Individual Investor will be Allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any will be Allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Offer (excluding any Offer for Sale of specified securities). However, in case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

7.1 ALLOTMENT TO RIIs

Bids received from the RIIs at or above the Offer Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Offer Price, full Allotment may be made to the RIIs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Category at or above the Offer Price, then the maximum number of RIIs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot **("Maximum RII Allottees")**. The Allotment to the RIIs will then be made in the following manner:

(a) In the event the number of RIIs who have submitted valid Bids in the Offer is equal to or less than Maximum RII Allottees, (i) all such RIIs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the RIIs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).

(b) In the event the number of RIIs who have submitted valid Bids in the Offer is more than Maximum RII Allottees, the RIIs (in that category) who will then be Allotted minimum Bid Lot shall be determined on the basis of draw of lots.

7.2 ALLOTMENT TO NIIs

Bids received from NIIs at or above the Offer Price may be grouped together to determine the total demand under this category. The Allotment to all successful NIIs may be made at or above the Offer Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Offer Price, full Allotment may be made to NIIs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Offer Price, Allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

7.3 ALLOTMENT TO QIBs

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI ICDR Regulations or RHP / Prospectus. Bids received from QIBs Bidding in the QIB Category (net of Anchor Portion) at or above the Offer Price may be grouped together to determine the total demand under this category. The QIB Category may be available for Allotment to QIBs who have Bid at a price that is equal to or greater than the Offer Price. Allotment may be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full allotment to the extent of valid Bids received above the Offer Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for allotment to all QIBs as set out at paragraph 7.4(b) below;

(b) In the second instance, allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Offer Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

7.4 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)

(a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Offer Price will be at the discretion of the issuer subject to compliance with the following requirements:

(i) not more than 60% of the QIB Category will be allocated to Anchor Investors;

(ii) one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and

(iii) allocation to Anchor Investors shall be on a discretionary basis and subject to:

- a maximum number of two Anchor Investors for allocation up to ₹100 million;
- a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹100 million and up to ₹2,500 million subject to minimum allotment of ₹ 50 million per such Anchor Investor; and
- a minimum number of five Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹2,500 million and an additional 10 Anchor Investors for every additional ₹2,500 million or part thereof, subject to minimum allotment of ₹50 million per such Anchor Investor.

(b) A physical book is prepared by the Registrar on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the issuer in consultation with the BRLM, selected Anchor Investors will be sent a CAN and if required, a revised CAN.

(c) **In the event that the Offer Price is higher than the Anchor Investor Offer Price**: Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Offer Price and the Anchor Investor Offer Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.

(d) **In the event the Offer Price is lower than the Anchor Investor Offer Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

7.5 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS), NIIs AND RESERVED CATEGORY IN CASE OF OVER-SUBSCRIBED ISSUE

In the event of the Offer being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

(a) Bidders may be categorized according to the number of Equity Shares applied for;

(b) The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;

(c) The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;

(d) In all Bids where the proportionate Allotment is less than the minimum Bid Lot decided per Bidder, the Allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;

(e) If the proportionate Allotment to a Bidder is a number that is more than the minimum Bid Lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number. Allotment to all bidders in such categories may be arrived at after such rounding off; and

(f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders applying for minimum number of Equity Shares.

7.6 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

(a) **Designated Date:** On the Designated Date, the Anchor Escrow Bank shall transfer the funds represented by allocation of Equity Shares to Anchor Investors from the Anchor Escrow Accounts, as per the terms of the Cash Escrow Agreement, into the Public Offer Account with the Bankers to the Offer. The balance amount after transfer to the Public Offer Account shall be transferred to the Refund Account. Payments of refund to the Bidders applying in the Anchor Investor Portion shall be made from the Refund Account as per the terms of the Cash Escrow Agreement and the RHP. On the Designated Date, the Registrar to the Offer shall instruct the SCSBs to transfer funds represented by allocation of Equity Shares from ASBA Accounts into the Public Offer Account.

(b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders/Applicants **are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Offer.**

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/Applicants who have been Allotted Equity Shares in the Offer.

(c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.

(d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Bidders/Applicants Depository Account will be completed within six Working Days of the Bid/ Offer Closing Date. The Issuer also ensures the credit of shares to the successful Applicant's depository account is completed within five Working Days from the Bid/Offer Closing Date.

SECTION 8: INTEREST AND REFUNDS

8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING

The Issuer may ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date. The Registrar to the Offer may give instructions for credit to Equity Shares the beneficiary account with DPs, and dispatch the Allotment Advice within six Working Days of the Bid/Offer Closing Date.

8.2 GROUNDS FOR REFUND

8.2.1 NON RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) and obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer may be punishable with a fine which shall not be less than ₹ 0.5 million but which may extend to ₹ 5 million and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than ₹ 50,000 but which may extend to ₹ 0.3 million, or with both.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith may take steps to refund, without interest, all moneys received from the Bidders/Applicants in pursuance of the RHP/Prospectus.

If such money is not refunded to Bidders within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/Prospectus.

8.2.2 NON RECEIPT OF MINIMUM SUBSCIPTION

If the Issuer does not receive a minimum subscription of 90% of the Net Offer (excluding any offer for sale of specified securities), including devolvement to the Underwriters, as applicable, the Issuer may forthwith, take steps to unblock the entire subscription amount received within six Working Days of the Bid/ Offer Closing Date and repay, without interest, all moneys received from Anchor Investors. This is further subject to the compliance with Rule 19(2)(b) of the SCRR. In case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable. In case of under-subscription in the Offer, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale.

If there is a delay beyond the prescribed time after the Issuer becomes liable to pay or unblock the amount received from Bidders, then the Issuer and every director of the Issuer who is an officer in default may on and from expiry of prescribed time period under applicable laws, be jointly and severally liable to repay the money, with interest at a rate as per applicable law, which is presently 15% per annum in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

8.2.3 MINIMUM NUMBER OF ALLOTTEES

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

8.2.4 IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING

In case an Issuer not eligible under Regulation 26(1) of the SEBI ICDR Regulations comes for an Offer under Regulation 26(2) of SEBI (ICDR) Regulations but fails to Allot at least 75% of the Net Offer to QIBs, in such case full subscription money is to be refunded.

8.3 MODE OF REFUND

1. **In case of ASBA Bids:** Within six Working Days of the Bid/Offer Closing Date, the Registrar to the Offer may give instructions to SCSBs for unblocking the amount in ASBA Accounts for unsuccessful Bids or for any excess amount blocked on Bidding.

2. **In case of Anchor Investors:** Within six Working Days of the Bid/Offer Closing Date, the Registrar to the Offer may dispatch the refund orders for all amounts payable to unsuccessful Anchor Investors.

3. In case of Anchor Investors, the Registrar to the Offer may obtain from the depositories the Bidders' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Bid cum Application Forms for refunds. Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their depositories. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Anchor Investors' sole risk and neither the Issuer, the Registrar to the Offer, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Anchor Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay. Please note that refunds shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank

8.3.1 Electronic mode of making refunds for Anchor Investors

The payment of refund, if any, may be done through various electronic modes as mentioned below:

(i) **NECS**—Payment of refund may be done through NECS for Bidders/Applicants having an account at any of the centers specified by the RBI. This mode of payment of refunds may be subject to availability of complete bank account details including the nine-digit MICR code of the Bidder/Applicant as obtained from the Depository;

(ii) **NEFT**—Payment of refund may be undertaken through NEFT wherever the branch of the Anchor Investors' bank is NEFT enabled and has been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to the MICR of that particular branch. The IFSC may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Anchor Investors have registered their nine- digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC of that particular bank branch and the payment of refund may be made to the Anchor Investors through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;

(iii) **Direct Credit**—Anchor Investors having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account; and

(iv) **RTGS**—Anchor Investors having a bank account with a bank branch which is RTGS enabled as per the information available on the website of RBI and whose refund amount exceeds ₹ 0.2 million, shall be eligible to receive refund through RTGS, provided the Demographic Details downloaded from the Depositories contain the nine digit MICR code of the Anchor Investor's bank which can be mapped with the RBI data to obtain the corresponding IFSC. Charges, if any, levied by the Anchor Escrow Bank for the same would be borne by our Company. Charges, if any, levied by the Anchor Investor's bank receiving the credit would be borne by the Anchor Investor.

Please note that refunds through the abovementioned modes shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

For details of levy of charges, if any, for any of the above methods, Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers etc. Bidders/Applicants may refer to RHP/Prospectus.

8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at a rate as per applicable law, which is presently 15% per annum if refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to Bidders/Applicants or instructions for unblocking of funds in the ASBA Account are not dispatched within the six Working Days of the Bid/Offer Closing Date.

The Issuer may pay interest at a rate as per applicable law, which is presently 15% per annum for any delay beyond 15 days from the Bid/ Offer Closing Date, if Allotment is not made.

SECTION 9: GLOSSARY AND ABBREVIATIONS

Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time. In case of inconsistency in the description of a term mentioned herein below and the description ascribed to such term in this Draft Red Herring Prospectus, the description as ascribed to such term in this Draft Red Herring Prospectus shall prevail.

Term	Description
Allotment/Allot/Allotted	The allotment of Equity Shares pursuant to the Offer to successful Bidders/Applicants
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been Allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Allottee	An Bidder/Applicant to whom the Equity Shares are Allotted
Anchor Escrow Account	Account opened with the Anchor Collection Bank and in whose favour the Anchor Investors may transfer money through NEFT/RTGS/direct credit in respect of the Bid Amount when submitting a Bid
Anchor Escrow Bank	Refer to definition of Banker(s) to the Offer
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI ICDR Regulations and the Red Herring Prospectus
Anchor Investor Portion	Up to 60% of the QIB Category which may be allocated by the Issuer in consultation with the GCBRLMs and the BRLM, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors
Application Form	The form in terms of which the Applicant should make an application for Allotment in case of issues other than Book Built Issues, includes Fixed Price Issue
Application Supported by Blocked Amount /ASBA	An application, whether physical or electronic, used by Bidders/Applicants, other than Anchor Investors, to make a Bid and authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the Bidder/Applicant
Banker(s) to the Offer/Anchor Escrow Bank(s)/Collecting Banker	The banks which are clearing members and registered with SEBI as Banker to the Offer with whom the Anchor Escrow Account(s) for Anchor Investors may be opened, and as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Bidders/Applicants under the Issue
Bid	An indication to make an offer during the Bid/Offer Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/ Offer Date by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder/Applicant upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount
Bid/Offer Closing Date	Except in the case of Anchor Investors (if applicable), the date after which the

Term	Description
	Designated Intermediaries may not accept any Bids for the Offer, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/Bidders may refer to the RHP/Prospectus for the Bid/Offer Closing Date
Bid/Offer Opening Date	The date on which the Designated Intermediaries may start accepting Bids for the Issue, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/Bidders may refer to the RHP/Prospectus for the Bid/Offer Opening Date
Bid/Offer Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/ Offer Opening Date and the Bid/Offer Closing Date inclusive of both days and during which prospective Bidders/Applicants (other than Anchor Investors) can submit their Bids, inclusive of any revisions thereof. The Issuer may consider closing the Bid/ Offer Period for QIBs one working day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations. Applicants/Bidders may refer to the RHP/Prospectus for the Bid/Offer Period
Bid cum Application Form	An application form, whether physical or electronic, used by Bidders, other than Anchor Investors, to make a Bid and which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Bidder/Applicant	Any prospective investor who makes a Bid/Application pursuant to the terms of the RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/Applicant should be construed to mean an Bidder/Applicant
Book Built Process/Book Building Process/Book Building Method	The book building process as provided under SEBI ICDR Regulations, in terms of which the Offer is being made
Broker Centres	Broker centres notified by the Stock Exchanges, where Bidders/Applicants can submit the Bid cum Application Forms to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges
BRLM(s)/Book Running Lead Manager(s)/Lead Manager/LM	The Book Running Lead Manager to the Offer as disclosed in the RHP/Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Manager should be construed to mean the Lead Manager or LM
Business Day	Monday to Saturday (except 2nd and 4th Saturday of a month and public holidays)
CAN/Confirmation of Allotment Note	The note or advice or intimation sent to each successful Bidder/Applicant indicating the Equity Shares which may be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange
Cap Price	The higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price may not be finalised and above which no Bids may be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDPs	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Collecting Registrar and Share Transfer Agents or	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI

Term	Description
CRTAs	
Cut-off Price	Offer Price, finalised by the Issuer in consultation with the Book Running Lead Manager(s), which can be any price within the Price Band. Only RIIs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/Applicants are entitled to Bid at the Cut-off Price
DP	Depository Participant
DP ID	Depository Participant’s Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Bidders/Applicants including the Bidder/Applicant’s address, name of the Applicant’s father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by Bidders/Applicants (excluding Anchor Investors) and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the Bid cum Application Forms to Collecting Depository Participants. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Bid cum Application Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Date	The date on which funds are transferred by the Anchor Escrow Bank from the Anchor Escrow Account and the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Offer Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the board of directors may Allot Equity Shares to successful Bidders/Applicants in the Fresh Issue may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale
Designated Intermediaries /Collecting Agent	Syndicate Members, sub-syndicate/Agents, SCSBs, Registered Brokers, Brokers, the CDPs and CRTAs, who are authorized to collect Bid cum Application Forms from the Bidders, in relation to the Offer
Designated RTA Locations	Such locations of the CRTAs where Bidders can submit the Bid cum Application Forms to CRTAs. The details of such Designated RTA Locations, along with names and contact details of the CRTAs eligible to accept Bid cum Application Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Stock Exchange	The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer
Discount	Discount to the Offer Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations.
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band
Employees	Employees of an Issuer as defined under SEBI ICDR Regulations and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoters. For further details, Bidder/Applicant may refer to the RHP/Prospectus
Equity Shares	Equity Shares of the Issuer
Cash Escrow Agreement	Agreement to be entered into among the Issuer, the Registrar to the Offer, the

Term	Description
	Book Running Lead Manager(s), the Anchor Escrow Bank and the Refund Bank(s) for collection of the Bid Amounts from Anchor Investors and where applicable, remitting refunds of the amounts collected to the Anchor Investors on the terms and conditions thereof
FCNR Account	Foreign Currency Non-Resident Account
First Bidder/Applicant	The Bidder/Applicant whose name appears first in the Bid cum Application Form or Revision Form
FII(s)	Foreign Institutional Investors as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended and registered with SEBI under applicable laws in India
Fixed Price Issue/Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under SEBI ICDR Regulations, in terms of which the Offer is being made
Floor Price	The lower end of the Price Band, at or above which the Offer Price and the Anchor Investor Offer Price may be finalised and below which no Bids may be accepted, subject to any revision thereto
FPIs	Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000, as amended
IPO	Initial public offering
Issuer/Company	The Issuer proposing the initial public offering/further public offering as applicable
Maximum RII Allottees	The maximum number of RIIs who can be Allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended
Mutual Funds Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/Prospectus and Bid cum Application Form
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Net Offer	The Offer less reservation portion
Non-Institutional Investors or NIIs	All Bidders/Applicants, including sub accounts of FIIs registered with SEBI which are foreign corporates or foreign individuals and FPIs which are Category III foreign portfolio investors, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Category	The portion of the Offer being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the

Term	Description
	RHP/Prospectus and the Bid cum Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FPIs and FVCIs registered with SEBI
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer	Public issue of Equity Shares of the Issuer including the Offer for Sale if applicable
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the Selling Shareholder
Offer Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted to Bidders other than Anchor Investors, in terms of the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price The Offer Price may be decided by the Issuer in consultation with the Book Running Lead Manager(s)
Other Investors	Investors other than Retail Individual Investors in a Fixed Price Issue. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Offer may be decided by the Issuer in consultation with the Book Running Lead Manager(s) and advertised, at least five working days in case of an IPO and one working day in case of FPO, prior to the Bid/Offer Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation
Pricing Date	The date on which the Issuer in consultation with the Book Running Lead Manager(s), finalise the Offer Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 26 of the Companies Act, 2013 after the Pricing Date, containing the Offer Price, the size of the Offer and certain other information
Public Offer Account	An account opened with the Banker to the Offer to receive monies from the Anchor Escrow Account and from the ASBA Accounts on the Designated Date
QIB Category	The portion of the Offer being such number of Equity Shares to be Allotted to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	As defined under SEBI ICDR Regulations
RTGS	Real Time Gross Settlement
Red Herring Prospectus/RHP	The red herring prospectus issued in accordance with Section 32 of the Companies Act, 2013, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The RHP may be filed with the RoC at least three days before the Bid/ Offer Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean the Prospectus
Refund Account(s)	The account opened with Refund Bank(s), from which refunds to Anchor Investors, if any, of the whole or part of the Bid Amount may be made

Term	Description
Refund Bank(s)	Refund bank(s) as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Refunds through electronic transfer of funds	Refunds through Direct Credit, NEFT, RTGS or ASBA, as applicable
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate
Registrar to the Offer/RTO	The Registrar to the Offer as disclosed in the RHP/Prospectus and Bid cum Application Form
Reserved Category/Categories	Categories of persons eligible for making application/Bidding under reservation portion
Reservation Portion	The portion of the Offer reserved for such category of eligible Bidders/Applicants as provided under the SEBI ICDR Regulations
Retail Individual Investors/RIIs	Investors who applies or bids for a value of not more than ₹200,000 (including HUFs applying through their karta and eligible NRIs and does not include NRIs other than Eligible NRIs.
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than ₹ 200,000.
Retail Category	The portion of the Offer being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum Bid Lot, subject to availability in RII category and the remaining shares to be Allotted on proportionate basis.
Revision Form	The form used by the Bidders in an issue through Book Building Process to modify the quantity of Equity Shares and/or bid price indicated therein in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended
Self Certified Syndicate Bank(s) or SCSB(s)	The banks registered with the SEBI which offers the facility of ASBA and the list of which is available on the website of the http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application Forms, a list of which is included in the Bid cum Application Form
Stock Exchanges	The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Offer are proposed to be listed
Syndicate	The Book Running Lead Manager(s) and the Syndicate Member
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of Bid cum Application Forms by Syndicate Members
Syndicate Member(s)	The Syndicate Member(s) as disclosed in the RHP/Prospectus
Underwriters	The Book Running Lead Manager(s) and the Syndicate Member(s)
Underwriting Agreement	The agreement amongst the Issuer, and the Underwriters to be entered into on or after the Pricing Date
Working Day	Any day, other than Saturdays or Sundays, on which commercial banks in India are open for business, provided however, for the purpose of the time period between the Bid/Offer Opening Date and listing of the Equity Shares on the Stock Exchanges, “Working Days” shall mean all trading days excluding Sundays and bank holidays in India in accordance with the SEBI circular no. SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016.

SECTION VIII – MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Capitalized terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. Pursuant to Schedule I of the Companies Act, 2013 and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Company are detailed below.

The Articles of Association of our Company comprise of two parts, Part A and Part B, which parts shall, unless the context otherwise requires, co-exist with each other. In case of inconsistency or contradiction, conflict or overlap between Part A and Part B, the provisions of Part B shall supersede. However, Part B shall automatically terminate and cease to have any force and effect from the date of listing of Equity Shares of our Company on any recognized stock exchange in India pursuant to the Offer the Equity Shares of our Company, without any further corporate action by our Company or by the shareholders.

PART A

PRELIMINARY

1. CONSTITUTION OF THE COMPANY

a. Save as provided herein, the regulations contained in Table "F" in Schedule I to the Companies Act, 2013, or in the Schedule to any previous Act (as defined below) shall not apply to the Company, except in regard to matters not specifically provided in these Articles. In case of any contradiction between the provisions of Table 'F' and these Articles, the provisions of these Articles will prevail.

b. These Articles are in accordance with the prevailing laws in India. In case of amendment to any act, rules, regulations, etc. the article herein shall be deemed to have been amended to the extent that article will not be capable of restricting what has been allowed by the Act by virtue of an amendment, subsequent to adoptions of the article.

c. These Articles shall be binding on the Company and its members as terms of agreement between them.

d. The regulation of the management of the Company and for the observance of the Members thereof and their representatives shall be such as are contained in these Articles subject however to the exercise of the statutory powers of the Company in respect of repeal, additions, alterations, substitution, modifications and variations thereto by Special Resolution as prescribed by the Companies Act, 2013.

2. DEFINITIONS AND INTERPRETATION

In the interpretation of these Articles the following words and expressions shall have the following meanings unless repugnant to the subject or context.

(a) "**Act**" means the (i) Companies Act, 2013 and the Rules (including any amendments, modification(s) or re-enactment thereof, for the time being in force) and clarifications issued thereunder to the extent in force pursuant to the notification of the notified sections; and (ii) Companies Act, 1956, and the rules thereunder, to the extent that such provisions have not been superseded by the Companies Act, 2013 or de-notified, as the case may be.

(b) "**Annual General Meeting**" shall mean an annual general meeting of the holders of Equity Shares held in accordance with the applicable provisions of the Act.

(c) "**Articles**" shall mean these Articles of Association as adopted or as from time to time altered in accordance with the provisions of these Articles and Act.

(d) "**Auditors**" shall mean and include those persons appointed as such for the time being by the Company.

(e) "**Board**" 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) "**Board Meeting**" shall mean any meeting of the Board, as convened from time to time and any adjournment thereof, in accordance with law and the provisions of these Articles.

(g) "**Beneficial Owner**" shall mean beneficial owner as defined in Clause (a) of subsection (1) of section 2 of the Depositories Act.

(h) "**Business Day**" means a day excluding Sundays and public holidays, on which banks are generally open for business in Aurangabad for a transaction of ordinary banking business.

(i) "**Capital**" or "**Share Capital**" shall mean the share capital for the time being, raised or authorised to be raised for the purpose of the Company.

(j) "**Chairman**" shall mean such person as is nominated or appointed in accordance with Article 22(e) herein below.

(k) "**Companies Act, 1956**" shall mean the Companies Act, 1956 (Act I of 1956), to the extent in force for the time being.

(l) "**Company**" or "**this Company**" shall mean Varroc Engineering Limited, a company incorporated under the laws of India.

(m) "**Committees**" shall have the meaning ascribed to such term in Article 37.

(n) "**Depositories Act**" shall mean The Depositories Act, 1996 and shall include any statutory modification or re-enactment thereof.

(o) "**Depository**" shall mean a Depository as defined in Clause (e) of sub-section (1) of section 2 of the Depositories Act.

(p) "**Director**" shall mean any director of the Company, including alternate directors, independent directors and nominee directors appointed in accordance with law and the provisions of these Articles.

(q) "**Dividend**" shall include interim dividends.

(r) "**Equity Share Capital**" shall mean the total issued and paid up equity share capital of the Company, calculated on a Fully Diluted Basis.

(s) "**Equity Shares**" shall mean fully paid up equity shares of the Company having a face value of Rs. 1 (Rupees One only) per equity share or any face value as may be changed from time-to-time, and one vote per equity share or any other issued Share Capital (as defined below) of the Company that is reclassified, sub-divided, consolidated, reorganized, reconstituted or converted into equity shares.

(t) "**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.

(u) "**Extraordinary General Meeting**" shall mean an extraordinary general meeting of the holders of Equity Shares duly called and constituted in accordance with the provisions of the Act.

(v) "**Financial Year**" shall mean any fiscal year of the Company, beginning on April 1 of each calendar year and ending on March 31 of the following calendar year or any period construed as financial year under the provisions of the Companies Act, 2013.

(w) "**Fully Diluted Basis**" shall mean, in reference to any calculation, that the calculation should be made in relation to the Equity Share Capital, assuming that all outstanding convertible preference shares or debentures, options, warrants and other equity securities convertible into or exercisable or exchangeable for Equity Shares (whether or not by their terms then currently convertible, exercisable or exchangeable), have been so converted, exercised or exchanged to the maximum number of Equity Shares possible under the terms thereof.

(x) "**General Meeting**" shall mean a meeting of holders of Equity Shares and any adjournment thereof.

(y) "**Independent Director**" means a non-executive Director (other than a nominee Director) as defined in the Companies Act, 2013 read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(z) "**India**" shall mean the Republic of India.

(aa) "**Law**" shall mean all applicable provisions of all (i) constitutions, treaties, statutes, laws (including the common law), codes, rules, regulations, circulars, ordinances or orders of any governmental authority and SEBI, (ii) governmental approvals, (iii) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any governmental authority, (iv) rules, regulations, or requirements of any stock exchanges, (v) international treaties, conventions and protocols, and (vi) Indian GAAP or any other generally accepted accounting principles.

(bb) "**Listing Agreement**" means the agreement(s) entered into with the stock exchange(s) in India, on which company's shares are listed.

(cc) "**Listing Regulations**" shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended or any other rules or regulations as issued by Securities and Exchange Board of India from time-to-time governing listing norms of a listed company.

(dd) "**Managing Director**" shall have the meaning assigned to it under the Act.

(ee) "**MCA**" shall mean the Ministry of Corporate Affairs, Government of India.

(ff) "**Memorandum**" shall mean the memorandum of association of the Company, as amended from time to time.

(gg) "**Notified Sections**" shall mean the sections of the Companies Act, 2013 that have been notified by the Ministry of Corporate Affairs, Government of India, and are currently in effect.

(hh) "**Office**" shall mean the registered office for the time being of the Company.

(ii) "**Officer**" shall have the meaning assigned thereto by Section 2(59) of the Act.

(jj) "**Ordinary Resolution**" shall have the meaning assigned thereto by Section 114 of the Act.

(kk) "**Paid up**" shall include the amount credited as paid up.

(ll) "**Person**" shall mean any natural person, sole proprietorship, partnership, company, body corporate, governmental authority, joint venture, trust, association or other entity (whether registered or not and whether or not having separate legal personality).

(mm) "**Register of Members**" shall mean the register of shareholders, along with the index of beneficial owners maintained by the Depository, to be kept pursuant to Section 88 of the Act.

(nn) "**Registrar**" shall mean the Registrar of Companies, from time to time having jurisdiction over the Company.

(oo) "**Related Party**" shall have the meaning assigned to in section 188 of the Act;

(pp) "**Relative**" shall have the meaning assigned to in Section 2(77) of the Act;

(qq) "**Rules**" shall mean the rules made under the Act and notified from time to time.

(rr) "**Seal**" shall mean the common seal(s) for the time being of the Company.

(ss) "**SEBI**" shall mean the Securities and Exchange Board of India, constituted under the Securities and

Exchange Board of India Act, 1992.

(tt) "**Secretary**" shall mean a company secretary within the meaning of clause (c) of sub-section (1) of Section 2 of the Company Secretaries Act, 1980 and includes any other individual possessing the prescribed qualifications and appointed to perform the duties which may be performed by a secretary under the Act and any other administrative duties.

(uu) "**Securities**" shall mean the securities as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956.

(vv) "**Shareholder**"/ "**Member**" shall mean any shareholder of shares of the Company.

(ww) "**Shareholders' Meeting**" shall mean any meeting of the Shareholders of the Company, including Annual General Meetings as well as Extraordinary General Meetings of the Shareholders of the Company, convened from time to time in accordance with Law and the provisions of these Articles.

(xx) "**Shares**" mean the Equity Shares and preference shares issued by the Company;

(yy) "**Special Resolution**" shall have the meaning assigned to it under Section 114 of the Act.

(zz) "**Subsidiary(ies)**" means any subsidiaries of the Company as determined under the Act and such other companies which may become Subsidiaries in future in accordance with applicable Law.

(aaa) "**Transfer**" shall mean (i) any, direct or indirect, transfer or other disposition of any shares, securities (including convertible securities), or voting interests or any interest therein, including, without limitation, by operation of Law, by court order, by judicial process, or by foreclosure, levy or attachment; (ii) any, direct or indirect, sale, assignment, gift, donation, redemption, conversion or other disposition of such shares, securities (including convertible securities) or voting interests or any interest therein, pursuant to an agreement, arrangement, instrument or understanding by which legal title to or beneficial ownership of such shares, securities (including convertible securities) or voting interests or any interest therein passes from one Person to another Person or to the same Person in a different legal capacity, whether or not for value; (iii) the granting of any security interest or encumbrance in, or extending or attaching to, such shares, securities (including convertible securities) or voting interests or any interest therein, and the word "Transferred" shall be construed accordingly.

(bbb) "**Tribuna**l" shall mean the National Company Law Tribunal constitutes under Section 408 of the Act.

Unless the context otherwise requires, words or expressions contained in these Articles and not otherwise defined or used herein, shall bear the same meaning as in the Act or any statutory modification thereof in force, unless the context of the same as used in these Articles is to the contrary.

3. CONSTRUCTION

1. In these Articles (unless the context requires otherwise):

(a) References to a party shall, where the context permits, include such party's respective successors, legal heirs and permitted assigns.

(b) 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.

(c) 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.

(d) 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.

(e) 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".

(f) 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.

(g) 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.

(h) 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).

(i) 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.

(j) References to any particular number or percentage of securities of a Person (whether on a Fully Diluted Basis or otherwise) shall be adjusted for any form of restructuring of the share capital of that Person, including without limitation, consolidation or subdivision or splitting of its shares, issue of bonus shares, issue of shares in a scheme of arrangement (including amalgamation or de-merger) and reclassification of equity shares or variation of rights into other kinds of securities.

(k) 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 MCA. 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.

(l) 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.

2. **EXPRESSIONS IN THE ACT AND THESE ARTICLES**

Save as aforesaid, any words or expressions defined in the Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

3. **PUBLIC COMPANY**

The Company is a public company within the meaning of Section 2(71) of the Act and accordingly:

(a) is not a private company;

(b) has a minimum paid-up share capital as per Law;

(c) has minimum of seven (7) members. Also, where two (2) or more persons hold one (1) or more shares in the Company jointly, they shall, for purposes of this provision, be treated as a single Member.

4. **SHARE CAPITAL**

(a) The Authorized Share Capital of the Company shall be such as given in Clause V of the Memorandum of Association as altered from time to time.

(b) The Share Capital of the Company may be classified into Equity Shares and / or Preference Shares with differential rights as to Dividend, voting or otherwise in accordance with the applicable provisions of the Act, Rules, and Law, from time to time.

(c) The Paid up Share Capital shall be at all times at least a minimum of such amount as may be prescribed under the Act.

(d) All Equity Shares shall be of the same class and shall be alike in all respects and the holders thereof shall be entitled to identical rights and privileges including without limitation to identical rights and privileges with respect to Dividends, voting rights, and distribution of assets in the event of voluntary or involuntary liquidation, dissolution or winding up of the Company.

(e) 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.

(f) Subject to these Articles and the provisions of section 55 of the Act, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed on such terms and in such manner as the Company before the issue of the Shares may, determine.

(g) The Board may allot and issue Shares of the Company as payment or part payment for any property purchased by the Company or in respect of goods sold or transferred or machinery or appliances supplied or for services rendered to the Company in or about the formation of the Company or the acquisition and / or in the conduct of its business or for any goodwill provided to the Company; and any shares which may be so allotted may be issued as fully / partly paid up shares and if so issued shall be deemed as fully / partly paid up shares. However, the aforesaid shall be subject to the approval of shareholders under the relevant provisions of the Act and Rules.

(h) The amount payable on application on each share shall not be less than 5% (five percent) of the nominal value of the share or, as may be specified.

(i) Nothing herein contained shall prevent the Directors from issuing fully Paid up shares either on payment of the entire nominal value thereof in cash or in satisfaction of any outstanding debt or obligation of the Company, subject to Law.

(j) The fully paid Shares shall be free from all lien and that in the case of partly paid Shares the Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such Shares.

(k) Except so far as otherwise provided by the conditions of issue or by these presents, any Capital raised by the creation of new Equity Shares, shall be considered as part of the existing Capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

(l) All of the provisions of these Articles shall apply to the Shareholders.

(m) Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any Equity Shares therein, shall be an acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose name is on the Register of Members shall for the purposes of these Articles be a Shareholder.

(n) The money, (if any), which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on the insertion of the name of the allottee, in the Register of Members as the name of the holder of such Equity Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

(o) Subject to the terms of these Articles, the Company in a general meeting upon the recommendation of the Board may consider offering shares of the Company to its employees including whole-time functional Directors under employee stock option plan or directly or through a committee, appointed by the Board. The allotment of such shares under this plan shall be in terms of the extant provisions in the Act, rules, regulations and guidelines of all the applicable statutes, from time to time.

(p) The issue of certificates of shares or of duplicate or renewal of certificates of shares shall be governed in accordance with Article 9 of these Articles. The directors may also comply with the provisions of such rules or regulations of any depository with which shares of the Company are being dematerialized and with any of such stock exchange with which the Company gets listed at any point of time.

(q) The Board may, in accordance of Article 16 of these Articles, from time to time, with the sanction of the Company in General Meeting by Ordinary Resolution increase the share capital of the Company by such sum to be Divided into shares of such amount and of such classes with such rights and privileges attached thereto as the General Meeting shall direct by specifying the same in the resolution and if no directions be given, as the Board may determine.

(r) The Company may by Ordinary Resolution:

(i) Consolidate classify, re-classify and divide all or any of its share capital into shares on larger amount than its existing shares:

Provided that no consolidation and division which results in changes in the voting percentage of shareholders shall take effect unless it is approved by the Tribunal on an application made in the prescribed manner;

(ii) Subdivide its existing shares or any of them into shares of similar amount than is fixed by the Memorandum so however, that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced shares shall be the same as it was in the case of the share from which the reduced share is derived subject nevertheless to the provisions of Section 61 of the Act; and

(iii) 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 and diminish the amount of its share capital by the amount of the shares so cancelled. A cancellation of shares in pursuance of this Article shall not be deemed to be a reduction of share capital within the meaning of the Act.

(s) The Company may, in accordance of Article 16 of these Articles, reduce in any manner, from time to time, by special resolution:

(i) Its share capital; and

(ii) Any capital redemption reserve fund or any share premium account.

5. **SECURITIES**

The Company shall, subject to the applicable provisions of the Act, compliance with Law and the consent of the Board, have the power to issue Securities on such terms and in such manner as the Board deems fit including their conversion, repayment, and redemption whether at a premium or otherwise.

6. **DEMATERIALIZATION OF SECURITIES**

(a) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its existing Securities, rematerialize its Securities held in the Depositories and / or to offer its fresh Securities in a dematerialized form pursuant to the Depositories Act, and the rules framed thereunder, if any.

(b) Subject to the applicable provisions of the Act, either the Company or the investor may exercise an option to issue, dematerialize, hold the Securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto shall be governed by the provisions of the Depositories Act as amended from time to time.

(c) Notwithstanding anything contained in these Articles to the contrary, in the event the Securities of the Company are dematerialized, the Company shall issue appropriate instructions to the Depository not to Transfer the Securities of any Shareholder except in accordance with these Articles.

(d) If a Person opts to hold his Securities with a Depository, the Company shall intimate such Depository the details of allotment of the Securities and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the Securities.

(e) **Securities in Depositories to be in fungible form:**

All Securities held by a Depository shall be dematerialized and be held in fungible form. Nothing contained in Sections 88 and 89 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.

(f) **Rights of Depositories & Beneficial Owners:**

(i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of Securities on behalf of the Beneficial Owner.

(ii) Save as otherwise provided in (i) above, the Depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.

(iii) Every person holding shares of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a Shareholder of the Company.

(iv) The Beneficial Owner of Securities shall, in accordance with the provisions of these Articles and the Act, be entitled to all the rights and subject to all the liabilities in respect of his Securities, which are held by a Depository.

(g) **Register and Index of Beneficial Owners:**

The Company shall cause to be kept a register and index of Shareholders with details of shares held in materialized and dematerialized forms in any media as may be permitted by Law including any form of electronic media.

The register and index of Beneficial Owners maintained by a Depository under the Depositories Act shall be deemed to be a register and index of Shareholders for the purposes of the Act. The Company shall have the power to keep in any state or country outside India a part of the register for the members resident in that state or country.

(h) **Cancellation of Certificates upon surrender by Person:**

Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a participant, the Company shall cancel such certificates and shall substitute in its record, the name of the Depository as the registered owner in respect of the said Securities and shall also inform the Depository accordingly.

(i) **Service of Documents:**

Notwithstanding anything contained in the Act or these Articles to the contrary, where Securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

(j) **Transfer of Securities:**

(i) Nothing contained in Section 56 of the Act or these Articles shall apply to a transfer of Securities effected by transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.

(ii) In the case of transfer or transmission of shares or other marketable Securities where the Company has not issued any certificates and where such shares or Securities are being held in any electronic or fungible form in a Depository, the provisions of the Depositories Act shall apply.

(k) **Allotment of Securities dealt with by a Depository:**

Notwithstanding anything in the Act or these Articles, where Securities are dealt with by a Depository, the Company shall intimate the details of allotment of relevant Securities thereof to the Depository immediately on allotment of such Securities.

(l) **Certificate Number and other details of Securities in Depository:**

Nothing contained in the Act or these Articles regarding the necessity of having certificate number / distinctive numbers for Securities issued by the Company shall apply to Securities held with a Depository.

(m) **Provisions of Articles to apply to Shares held in Depository:**

Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depositories Act.

(n) **Depository to furnish information:**

Every Depository shall furnish to the Company information about the transfer of Securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by Law and the Company in that behalf.

(o) **Option to opt out in respect of any such Security:**

If a Beneficial Owner seeks to opt out of a Depository in respect of any Security, he shall inform the Depository accordingly. The Depository shall on receipt of such information make appropriate entries in its records and shall inform the Company. The Company shall within 30 (thirty) days of the receipt of intimation from a Depository and on fulfilment of such conditions and on payment of such fees as may be specified by the Depositories Act and Securities and Exchange Board of India (Depositories and Participants) Regulations, issue the certificate of Securities to the Beneficial Owner or the transferee as the case may be.

(p) **Overriding effect of this Article:**

Provisions of this Article 6 will have full effect and force not withstanding anything to the contrary or inconsistent contained in any other Articles in Part A.

7. **COMMISSION AND BROKERAGE**

(a) Subject to the applicable provisions of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or procuring subscription, (whether absolutely or conditionally), for any shares in the Company in accordance with the provisions of the Companies (Prospectus and Allotment of Securities) Rules, 2014, debentures, or debenture-stock or other securities of the Company or underwriting or procuring or agreeing to procure subscriptions (whether absolute or conditional) for Shares, debentures or other securities of the Company.

(b) The Company may also, on any issue of shares, pay such brokerage as may be lawful.

8. **SHARES AT THE DISPOSAL OF THE DIRECTORS**

(a) Subject to the provisions of Section 62 and other applicable provisions of the Act, and these Articles, the shares in the Capital of the Company for the time being (including any shares forming part of any increased Capital of the Company) shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to Persons in such proportion and on such terms and conditions and either at a premium, at par or at a discount (subject to compliance with Section 53 and Section 54 of the Act) at such time as they may, from time to time, think fit and with the sanction of the Company in the General Meeting to give to any Person or Persons the option or right to call for any shares of the Company either at par or premium during such time and for such consideration as the Board thinks fit and may issue and allot shares of the Company 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 of the Company which may be so allotted may be issued as fully Paid up shares of the Company and if so issued, shall be deemed to be fully paid up shares. Provided that option or right to call of shares of the Company shall not be given to any Person or Persons without the sanction of the Company in the General Meeting.

(b) If, by the conditions of allotment of any share, the whole or part of the amount thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who, for the time being, shall be the registered holder of the shares or by his executor or administrator.

(c) Every Shareholder, or his heirs, Executors, or Administrators shall pay to the Company, the portion of the Capital represented by his share or shares which may for the time being remain unpaid thereon in such amounts at such time or times and in such manner as the Board shall from time to time in accordance with the Articles require or fix for the payment thereof.

(d) In accordance with the applicable provisions of the Act and the Rules:

(i) Every Shareholder or allottee of shares shall be entitled, without payment, to receive one or more certificates in marketable lots specifying the name of the Person in whose favour it is issued, the shares to which it relates and the amount paid up thereon. Such certificates 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 coupon of requisite value, save in cases of issue of share certificates against letters of acceptance or of renunciation, or in cases of issue of bonus shares. Such share certificates shall also be issued in the event of consolidation or sub-division of shares of the Company pursuant to receipt of permission from the Board. Every such certificate shall be issued under the Seal of the Company which shall be affixed in the presence of 2 (two) Directors or persons acting on behalf of the Board under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose and the 2 (two) Directors or their attorneys and the Secretary or other person shall sign the shares certificate(s), provided that if the composition of the Board permits, at least 1 (one) of the aforesaid 2 (two) Directors shall be a person other than a Managing Director(s) or an executive director(s). 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 issue. For any further certificate, the Board shall be entitled, but shall not be bound to prescribe a charge not exceeding Rupees twenty (20).

(iii) Every Shareholder shall be entitled, without payment, to 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 may from time to 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 2 (two) months from the date of allotment, or within 1 (one) month of the receipt of instrument of transfer, transmission, sub-division, consolidation or renewal of its shares as the case may be. Every certificate of shares shall be in the form and manner as specified in Article 8 (d) (i) above and in respect of a share or shares held jointly by several Persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to the first named joint holder shall be sufficient delivery to all such holders.

(iv) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.

(iii) the Board may, at their absolute discretion, refuse any applications for the sub-division of share certificates, into denominations less than marketable lots except where sub-division is required to be made to comply with any statutory provision or an order of a competent court of law or at a request from a Shareholder or to convert holding of odd lot into transferable / marketable lot.

(iv) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

9. SHARES AND SHARE CERTIFICATES

(a) The Company shall issue, re-issue and issue duplicate share certificates in accordance with the provisions of the Act and in the form and manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014.

(b) A duplicate certificate of shares may be issued, if such certificate:

(i) is proved to have been lost or destroyed; or

(ii) has been defaced, mutilated or torn and is surrendered to the Company.

(c) A certificate, issued under the common seal of the Company, specifying the shares held by any Person shall be prima facie evidence of the title of the Person to such shares. Where the shares are held in depository form, the record of depository shall be the prima facie evidence of the interest of the Beneficial Owner.

(d) If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deems adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the Articles shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rupees twenty (20) for each certificate) as the Directors shall prescribe. Provided that, no fee shall be charged for issue of a new certificate 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.

Provided that notwithstanding what is stated above, the Directors shall comply with the applicable provisions of the Act and Law including rules made under the Securities Contracts (Regulation) Act, 1956, as amended or any other Act, or rules applicable in this behalf.

The provisions of this Article shall *mutatis mutandis* apply to the debentures of the Company.

(e) The provisions of this Article shall *mutatis mutandis* apply any other Securities of the Company.

(f) When a new share certificate has been issued in pursuance of sub-article (c) of this Article, it shall be in the form and manner stated under the Companies (Share Capital and Debentures) Rules, 2014.

(g) Where a new share certificate has been issued in pursuance of sub-articles (c) or (f) of this Article, particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate Certificates maintained in the form and manner specified under the Companies (Share Capital and Debentures) Rules, 2014.

(h) All blank forms to be used for issue of share certificates shall be printed and the printing shall be done only on the authority of a Resolution of the Board. The blank forms shall be consecutively machine–numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or of such other person as the Board may authorize for the purpose and the Secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the Board.

(i) The Secretary shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates including the blank forms of the share certificate referred to in sub-article (g) of this Article.

(j) All books referred to in sub-article (i) of this Article, shall be preserved in the manner specified in the Companies (Share Capital and Debentures) Rules, 2014.

(k) If any Share stands in the names of 2 (two) or more Persons, the Person first named in the Register of

Members shall as regards receipt of Dividends or bonus, or service of notices and all or any other matters connected with the Company except voting at meetings and the transfer of shares, be deemed the sole holder thereof, but the joint holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of such shares, and for all incidents thereof according to these Articles.

(l) Except as ordered by a court of competent jurisdiction or as may be required by Law, the Company shall be entitled to treat the Shareholder whose name appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound to recognise any benami, trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other Person whether or not he shall have express or implied notice thereof. The Board shall be entitled at their sole discretion to register any shares in the joint names of any 2 (two) or more Persons or the survivor or survivors of them.

10. **SHARE WARRANTS**

The Company may issue share warrants subject to, and in accordance with, the provisions, if any, of the Act, and accordingly the Board may in its discretion, with respect to any Share which is fully Paid up, on application in writing signed by the Persons registered as holder of the Share, and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the Person signing the application, and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue a share warrant.

11. **CONVERSION OF SHARES INTO STOCK AND RECONVERSION**

The Company may exercise the power of conversion of its shares into stock and in that case clause 37 of Table 'F' in Schedule I to the Act shall apply.

12. **CALLS**

(a) Subject to the provisions of Section 49 of the Act, the Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board, (and not by circular resolution), make such call of such shares as it thinks fit upon the Shareholders in respect of all money unpaid on the shares held by them respectively and each Shareholder shall pay the amount of every call so made on him to the Person or Persons and Shareholders and at the times and places appointed by the Board. A call may be made payable by installments. Provided that the Board shall not give the option or right to call on shares to any person except with the sanction of the Company in the General Meeting.

(b) 14 (fourteen) days' notice in writing at the least of every call (otherwise than on allotment) shall be given by the Company specifying the time and place of payment and if payable to any Person other than the Company, the name of the person to whom the call shall be paid, provided that before the time for payment of such call, the Board may by notice in writing to the Shareholders revoke the same.

(c) The joint holders of a share shall be jointly and severally liable to pay all installments and calls due in respect thereof.

(d) The Board may, from time to time at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the Shareholders who, from residence at a distance or other cause the Board may deem fairly entitled to such extension; but no Shareholders shall be entitled to such extension save as a matter of grace and favour.

(e) **Restriction on Power to make calls and notice**:

No call shall exceed one-fourth of the nominal amount of share, or be made payable within 30 days' after the last preceding call was payable. Not less than, 14 days' notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.

(i) If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof, the holder for the time being in respect of the share for which the call shall have been made or the installment shall be due, shall pay interest for the same at the rate of 10 per cent interest per annum, from the day appointed for the payment thereof to the time of the actual payment 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 either wholly or in part.

(f) **Amount payable at fixed times or payable by installments as calls**:

If by the terms of issue of any share or otherwise any amount is made payable upon allotment or at any fixed time, or by investments at fixed time or whether on account of the amount of the share or by way of premium, every such amount or installment, shall be payable as if it were a call duly made by the Board end of which due notice had been given, and all the provisions herein contained in respect of calls shall relate to amount or installment accordingly.

(g) **Evidence in action by Company against shareholders**:

On the trial or hearing of any action or suit brought by the Company against any Shareholder or his legal representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the Shareholder in respect of whose shares the money is sought to be recovered appears entered on the Register of Members as the holder and that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the Shareholder or his representatives so sued in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call nor that a quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever; but the proof of the matters aforesaid shall be conclusive evidence of the debt.

(h) **Payment of call in advance**:

The Board may, if it thinks fit (subject to the provisions of Section 50 of the Act), agree to and receive from any Shareholder willing to advance the same, the whole or any part of the money due upon the shares held by him beyond the sums actually called up, and upon the amount so paid or satisfied in advance or so much thereof as 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 in respect of which such advance has been made, the Company may pay interest, as the Shareholder paying such sum in advance and the Board agree upon, provided that the money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

(a) No Shareholder shall be entitled to voting rights in respect of the money(ies) so paid by him until the same would but for such payment, become presently payable

(b) The provisions of these Articles shall *mutatis mutandis* apply to the calls on Debentures of the Company.

(i) **Revocation of calls**:

A call may be revoked or postponed at the discretion of the Board.

13. **FORFEITURE OF SHARES**

(a) **If call or Installment not paid notice may be given**

(i) If any Shareholder fails to pay any call or installment of a call on or before the day appointed for the payment of the same, the Board may, at any time thereafter during such time as the call or installment remains unpaid serve a notice on such Shareholder requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company for the reason of such non payment.

(ii) The notice shall name a day (not being less than 14 days from the date of notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non payment at or before the time and at the place appointed the shares in respect of which such call was made or installments is payable will be liable to be forfeited. If notice is not complied with shares in respect of which such notice was given may be forfeited.

(b) If the requirements of any such notice as aforesaid, be not complied with any shares in respect of which such notice has been given may, at any time thereafter, before payment of all calls or installments, 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 money payable in respect of the forfeited share and not actually paid before the forfeiture subject to the applicable provisions of the Act.

(c) **Notice after forfeiture**:

When any share shall have been so forfeited, notice of the resolution shall be given to the Shareholder in whose name it stood immediately prior to the forfeiture and any entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members but no forfeiture shall be in any manner invalidated by any omission or neglect to give notice or to make such entry as aforesaid.

(d) **Forfeited share to become property of the Company**:

Any share so forfeited shall be deemed to be the property of the Company and the Board may sell, re-allot or otherwise dispose of the same in such manner as it thinks fit and the certificate or certificates originally issued in respect of the relevant shares shall, (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Shareholder), stand cancelled and become null and void and of no effect and the Board shall be entitled to issue a new certificate or certificates in respect of the said shares to any person or persons entitled thereto.

(e) **Power of annul forfeiture**:

The Board may at any time before any share so forfeited shall have been sold, re-allotted or otherwise annul forfeiture disposed of, annual the forfeiture thereof upon such conditions as it thinks fit.

(f) **Liability on forfeiture**:

A person whose share has been forfeited shall cease to be a Shareholder in respect of the share forfeited but shall, notwithstanding remain liable to pay and shall forthwith pay to the Company all calls, or installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon, from the date of forfeiture, until payment at such rate of interest per annum as the Board may determine and the Board may enforce the payment thereof, or any part thereof without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so. 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.

(g) **Evidence of forfeiture**:

(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; and

(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.

(h) **Forfeiture provisions to apply to non-payment in terms of Issue**:

The provisions of Article 13 hereof 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 a share or by way of premium as if the same had been payable by virtue of a call duly made and notified.

(i) The forfeiture of a share shall involve extinction at the time of the forfeiture of all interest in all claims and demands against the Company in respect of the share and all other rights incidental to the share, except only such of these rights as by these Articles are expressly saved.

14. **LIEN**

(a) The Company shall have a first and paramount lien upon every share / debenture not being a fully Paid up share / debenture registered in the name of each member (whether solely or jointly with others), and upon the proceeds of sale thereof for moneys called on payable at a fixed time in respect of such share / debenture whether the time for the payment thereof shall have actually arrived or not and no equitable interest in any share / debenture shall be created except upon the footing and condition that Article 15 hereof is to have fully effect. Such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares / debentures subject to Section 205A of the Act. Unless otherwise agreed the registration of a transfer of shares / debentures shall operate as a waiver of the Company's lien if any on such shares / debentures. The Directors may at any time declare any shares / debentures wholly or in part to be exempt from the provisions of this clause. Fully paid up shares / debentures shall be free from all lien.

(b) **As to enforcing lien by sale**:

For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as it think fit, but no sale shall be made until such time for payment as aforesaid shall have arrived and until notice in writing of the intention to sell has been served on such Shareholder, his executor or administrators or his payment of the moneys called or payable at a fixed time in respect such shares for fourteen days after the date of such notice. The Board may authorise some person to transfer the Shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the Shares comprised in any such transfer. 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.

(c) **Application of proceeds of sale:**

The net proceeds of the sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable, and 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 share at the date of this sale.

(d) **Board may issue new certificate**:

Where any share under the power in that behalf herein contained is sold by the Board and the certificate in respect thereof has not been delivered upto the Company by the former holder of such share the Board may issue a new certificate for such share distinguishing in such manner as it may think fit from the certificate not so delivered up.

15. **TRANSFER AND TRANSMISSION OF SHARES**

(a) The Company shall maintain a "Register of Transfers" and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any Share, or other Security held in a material form.

(b) In accordance with Section 56 of the Act, the Rules and such other conditions as may be prescribed under Law, every instrument of transfer of shares held in physical form shall be in writing. All provisions of Section 56 of the Act and statutory modifications thereof shall be complied with in respect to all transfers of shares of the Company and registration thereof. In case of transfer of shares where the Company has not issued any certificates and where the shares are held in dematerialized form, the provisions of the Depositories Act shall apply.

(i) An application for the registration of a transfer of the shares in the Company may be made either by the transferor or the transferee within the time frame prescribed under the Act

(ii) Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee in a prescribed manner and the transferee communicates no objection to the transfer within 2 (two) weeks from the receipt of the notice.

(c) Every such instrument of transfer shall be executed by both, the transferor and the transferee and attested and the transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Members in respect thereof.

(d) The Board shall have power on giving not less than 7 (seven) days previous notice by advertisement in a vernacular newspaper and in an English newspaper having wide circulation in the city, town or village in which the Office of the Company is situated, and publishing the notice on the website as may be notified by the Central Government and on the website of the Company, to close the transfer books, the Register of Members at such time or times and for such period or periods, not exceeding 30 (thirty) days at a time and not exceeding in the aggregate 45 (forty-five) days in each year, as it may deem expedient.

(e) Subject to the provisions of Sections 58 and 59 of the Act, these Articles and other applicable provisions of the Act or any other Law for the time being in force, the Board may, refuse to register the transfer of, or the transmission by operation of law of the right to, any securities or interest of a Shareholder in the Company. Further, subject to the provisions of Section 56 of the Act and section 22A and other relevant provisions of the Securities Contracts (Regulation) Act, 1956, as amended, the Board may, at its absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal shall not be affected by the circumstances that the proposed transferee is already a Shareholder of the Company. The Board 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 the Company, send a notice of refusal to the transferee and transferor or to the person giving notice of such transmission, as the case may be, giving reasons for such refusal.

Provided that, 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. Transfer of shares / debentures in whatever lot shall not be refused.

(f) Subject to the applicable provisions of the Act and these Articles, the Directors shall have the absolute and uncontrolled discretion to refuse to register a Person entitled by transmission to any shares or his nominee as if he were the transferee named in any ordinary transfer presented for registration, and shall not be bound to give any reason for such refusal and in particular may also decline in respect of shares upon which the Company has a lien.

(g) Subject to the provisions of these Articles, the Company shall not refuse the transfer of shares in violation of the stock exchange listing requirements on the ground that the number of shares to be transferred is less than any specified number.

(h) In case of the death of any one or more Shareholders named in the Register of Members as the joint-holders of any shares, the survivors shall be the only Shareholder or Shareholders recognized by the Company as having any title to or interest in such shares, but nothing therein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other Person.

(i) The Executors or Administrators or holder of the succession certificate or the legal representatives of a deceased Shareholder, (not being one of two or more joint-holders), shall be the only Shareholders recognized by the Company as having any title to the shares registered in the name of such Shareholder, and the Company shall not be bound to recognize such Executors or Administrators or holders of succession certificate or the legal representatives unless such Executors or Administrators or legal representatives shall have first obtained probate or letters of administration or succession certificate, as the case may be, from a duly constituted court in India, provided that the Board may in its absolute discretion dispense with production of probate or letters of administration or succession certificate, upon such terms as to indemnity or otherwise as the Board may in its absolute discretion deem fit and may under Article 19(a) of these Articles register the name of any Person who claims to be absolutely entitled to the shares standing in the name of a deceased Shareholder, as a Shareholder.

(j) The Board shall not knowingly register a transfer of any share to a minor or insolvent or Person of unsound mind, except fully paid shares through a legal guardian.

(k) Subject to the provisions of Articles, any Person becoming entitled to shares in consequence of the death, lunacy, bankruptcy of any Shareholder or Shareholders, or by any lawful means other than by a transfer in accordance with these Articles, may with the consent of the Board, (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article, or of his title, as the Board thinks sufficient, either be registered himself as the holder of the shares or elect to have some Person nominated by him and approved by the Board, registered as such holder; provided nevertheless, that if such Person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the shares.

(l) A Person becoming entitled to a share by reason of the death or insolvency of a Shareholder 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 Shareholder in respect of the shares, be entitled to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Directors shall, at any time, give notice requiring any such Person to elect either to be registered himself or to transfer the shares, and if such notice is not complied with within 90 (ninety) days, the Directors may thereafter withhold payment of all Dividends, bonuses or other monies payable in respect of the shares until the requirements of the notice have been complied with.

(m) Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor and his right to transfer the shares. Every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.

Where any instrument of transfer of shares has been received by the Company for registration and the transfer of such shares has not been registered by the Company for any reason whatsoever, the Company shall transfer the Dividends in relation to such shares to a special account unless the Company is authorized by the registered holder of such shares, in writing, to pay such Dividends to the transferee and will keep in abeyance any offer of right shares and/or bonus shares in relation to such shares.

In case of transfer and transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or Securities are being held in any electronic and fungible form in a Depository, the provisions of the Depositories Act shall apply.

(n) Before the registration of a transfer, the certificate or certificates of the share or shares to be transferred must be delivered to the Company along with a properly stamped and executed instrument of transfer in accordance with the provisions of Section 56 of the Act.

(o) No fee shall be payable to the Company, in respect of the registration of transfer or transmission of shares, or for registration of any power of attorney, probate, letters of administration and succession certificate, certificate of death or marriage or other similar documents, sub division and / or consolidation of shares and sub-divisions of letters of allotment, renounceable letters of right and split, consolidation, renewal and genuine transfer receipts into denomination corresponding to the market unit of trading.

(p) The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof, (as shown or appearing in the Register of Members), to the prejudice of a Person or Persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had any notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto, in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice, and give effect thereto if the Board shall so think fit.

(q) There shall be a common form of transfer in accordance with the Act and Rules.

The provision of these Articles shall be subject to the applicable provisions of the Act, the Rules and any requirements of Law. Such provisions shall *mutatis mutandis* apply to the transfer or transmission by operation of Law to other Securities of the Company.

16. **INCREASE AND REDUCTION OF CAPITAL**

(a) **Increase of Capital**

Subject to these Articles and Section 61 of the Act, the Company may, by Ordinary Resolution in General Meeting from time to time, alter the conditions of its Memorandum as follows, that is to say:

(i) it may increase its Share Capital by such amount as it thinks expedient;

(ii) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;

Provided that no consolidation and division which results in changes in the voting percentage of shareholders shall take effect unless it is approved by the Tribunal on an application made in the prescribed manner;

(iii) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

(iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;

(v) cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled. Such cancellation of shares shall not be deemed to be a reduction of share capital;

(vi) The Company shall have power, subject to and in accordance with all applicable provisions of the Act and Articles, to purchase any of its own fully paid Shares whether or not they are redeemable and may make payment out of capital in respect of such purchase;

(vii) Subject to Applicable Law (including the Act), the Company may issue Shares; either equity or any other kind with non-voting rights and the resolution authorizing such issue shall prescribe the terms and conditions of that issue;

(b) **Reduction of capital**:

The Company may, subject to the applicable provisions of the Act, from time to time, reduce its Capital, any capital redemption reserve account and the securities premium account in any manner for the time being authorized by Law. Option or right to call of shares shall not be given to any person except with the sanction of the Company in general meetings. This Article is not to derogate any power the Company would have under Law, if it were omitted.

(c) **Further issue of capital**

(i) Where at any time, in terms of Section 62 of the Act, the Company proposes to increase its subscribed capital by the allotment of further shares either out of the unissued capital or out of the increased Share Capital, such shares shall be offered—

A. 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 aforesaid offer shall be made by notice specifying the number of shares offered and limiting a time prescribed under the Act from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined;

b. the aforementioned offer shall be deemed to include a right exercisable by the Person concerned to renounce the shares offered to him or any of them in favour of any other Person; and the notice referred to in clause (a) above shall contain a statement of this right. Provided that the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him;

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; and

d. Nothing in sub-clause b of clause A of sub-article (i) above shall be deemed:

(i) to extend the time within which the offer should be accepted; or
(ii) to authorize any Person to exercise the right of renunciation for a second time, on the ground that the Person in whose favor the renunciation was first made has declined to take the shares comprised in the renunciation.

e. Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:

(i) to convert such debentures or loans into shares in the Company; or
(ii) to subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise).

Provided that the terms of the issue of such debentures or the terms of such loans include a term providing for such option and such term:

(a) either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the Rules, if any, made by that Government in this behalf; and

(b) in the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.

B. (i) to any persons, if it is authorised by a Special Resolution, whether or not those Persons include the Persons referred to in clause A 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 Rules.
(ii) 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 resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, 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.

C. to employees under a scheme of employee stock option, subject to special resolution passed by company and subject to such conditions as may be prescribed.

(ii) The notice referred to in sub-clause (a) of clause 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 3 (three) days before the opening of the issue.

(iii) The provisions contained in this Article shall be subject to the provisions of the Section 42 and Section 62 of the Act, the Rules and other applicable provisions of the Act.

17. SURRENDER OF SHARES

Subject to the provisions of Section 66 of the Act, the Board may accept from any Shareholder the surrender on such terms and conditions as shall be agreed to, all or any of his shares.

18. POWER TO MODIFY RIGHTS

Where, the Capital, is divided (unless otherwise provided by the terms of issue of the shares of that class) into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Section 48 of the Companies Act, 2013 and Law, and whether or not the Company is being wound up, be modified, commuted, affected or abrogated or dealt with by agreement between the Company and any Person purporting to contract on behalf of that class, provided the same is affected with consent in writing or by way of a Special Resolution passed at a separate meeting of the holders of the issued shares of that class. Subject to Section 48 of the Act and Law, all provisions hereafter contained as to General Meetings (including the provisions relating to quorum at such meetings) shall *mutatis mutandis* apply to every such meeting.

19. NOMINATION BY SECURITIES HOLDERS

(a) Every holder of Securities of the Company may, at any time, nominate, in the manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014, a Person as his nominee in whom the Securities of the Company held by him shall vest in the event of his death.

(b) Where the Securities of the Company are held by more than one Person jointly, the joint holders may together nominate, in the manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014, a Person as their nominee in whom all the rights in the Securities Company shall vest in the event of death of all the joint holders.

(c) Notwithstanding anything contained in any other Law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of the Securities of the Company, where a nomination made in the manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014, purports to confer on any Person the right to vest the Securities of the Company, the nominee shall, on the death of the holder of Securities of the Company or, as the case may be, on the death of the joint holders become entitled to all the rights in Securities of the holder or, as the case may be, of all the joint holders, in relation to such Securities of the Company to the exclusion of all other Persons, unless the nomination is varied or cancelled in the prescribed manner under the Companies (Share Capital and Debentures) Rules, 2014.

(d) Where the nominee is a minor, the holder of the Securities concerned, can make the nomination to appoint in prescribed manner under the Companies (Share Capital and Debentures) Rules, 2014, any Person to become entitled to the Securities of the Company in the event of his death, during the minority.

(e) The transmission of Securities of the Company by the holders of such Securities and transfer in case of nomination shall be subject to and in accordance with the provisions of Section 71 of the Act and the Companies (Share Capital and Debentures) Rules, 2014.

20. **BORROWING POWERS**

(a) **Power to borrow**

Subject to the provisions of Sections 73, 179 and 180, and other applicable provisions of the Act and these Articles, the Board may, from time to time, at its discretion by resolution passed at the meeting of a Board, raise or borrow either from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purpose of the Company provided that the Board shall not, without the sanction of the Company pursuant to a Special Resolution passed in a General Meeting borrow any sum of money which together with money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate for the time being of the Paid up capital of the Company and its free reserves, that is to say, reserves not set aside for any specific purpose.

(b) **Conditions on which money may be borrowed**:

The Board may raise or secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and in particular by the issue of bonds, perpetual or redeemable debentures or debenture-stock, or any mortgage, or other tangible security on the undertaking of the whole or any part of the Company (both present and future) but shall not create a charge on its capital for the time being without the sanction of the Company in the General Meeting.

(c) **Issue at discount or with special privileges**:

Subject to the provisions of Section 53 of the Act, any debentures, debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise and may be issued on the condition that they shall be convertible into shares of any denomination and with any special privileges to redemption, surrender, drawings, allotment of shares, appointment of Directors or otherwise.

Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the company in the General Meeting by a Special Resolution.

(d) Subject to the applicable provisions of the Act and these Articles, if any uncalled Capital of the Company is included in or charged by any mortgage or other security, the Board shall make calls on the Shareholders in respect of such uncalled Capital in trust for the Person in whose favour such mortgage or security is executed, or if permitted by the Act, may by instrument under seal authorize the Person in whose favour such mortgage or security is executed or any other Person in trust for him to make calls on the Shareholders in respect of such uncalled Capital and the provisions hereinafter contained in regard to calls shall *mutatis mutandis* apply to calls made under such authority and such authority may be made exercisable either conditionally or unconditionally or either presently or contingently and either to the exclusion of the Board's power or otherwise and shall be assignable if expressed so to be.

(e) The Board shall cause a proper Register to be kept in accordance with the provisions of Section 85 of the Act of all mortgages and charges specifically affecting the property of the Company; and shall cause the requirements of the relevant provisions of the Act in that behalf to be duly complied with within the time prescribed under the Act or such extensions thereof as may be permitted under the Act, as the case may be, so far as they are required to be complied with by the Board.

(f) Any capital required by the Company for its working capital and other capital funding requirements may be obtained in such form as decided by the Board from time to time.

The Company shall also comply with the provisions of the Companies (Registration of Charges) Rules, 2014 in relation to the creation and registration of aforesaid charges by the Company.

21. **GENERAL MEETING**

(a) In accordance with the provisions of the Act, the Company shall in each year hold a General Meeting specified as its Annual General Meeting and shall specify the meeting as such in the notices convening such meetings. Further, not more than 15 (fifteen) months gap shall exist between the date of one Annual General Meeting and the date of the next Annual General Meeting. All General Meetings other than Annual General Meetings shall be Extraordinary General Meetings.

(b) **When Annual General Meeting to be held**

Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 96(1) of the Act to extend the time within which any Annual General Meeting may be held.

(c) **Venue, Day and Time for holding Annual General Meeting**

(i) Every Annual General Meeting shall be called during business hours, that is, between 9 A.M. and 6 P.M. on a day that is not a national holiday, and shall be held at the Office of the Company or at some other place within the city, town or village in which the Office of the Company is situated, as the Board may determine and the notices calling the Meeting shall specify it as the Annual General Meeting.

(ii) Every Shareholder of the Company shall be entitled to attend the Annual General Meeting either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table, the Directors' Report and Audited Statement of Accounts, Auditors' Report, (if not already incorporated in the Audited Statement of Accounts), the proxy Register with proxies and the Register of Directors' shareholdings which latter Register shall remain open and accessible during the continuance of the Meeting. The Board shall cause to be prepared the Annual Return and forward the same to the concerned Registrar of Companies, in accordance with Sections 92 and 137 of the Act. The Directors are also entitled to attend the Annual General Meeting.

(d) **When extraordinary general meeting to be called**

(i) All general meetings other than annual general meeting shall be called extraordinary general meeting.

(ii) The Board may, whenever it thinks fit, call an extraordinary general meeting.

(iii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any directors or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

(iv) The Extraordinary General Meeting called under this Article shall be subject to the Act as amended.

(e) **Circulation of Shareholders' resolution**:

The Company shall comply with the provisions of Section 111 of the Act as to giving notice of resolutions and circulating statements on the requisition of Shareholders.

(f) **Notice of meetings**

(i) Number of days' notice of General Meeting to be given: A General Meeting of the Company may be called by giving not less than 21 (twenty one) days clear notice in writing or in electronic mode, excluding the day on which notice is served or deemed to be served (i.e., on expiry of 48 (forty eight) hours after the letter containing the same is posted). However, a General Meeting may be called after giving shorter notice if consent is given in writing or by electronic mode by not less than 95 (ninety five) percent of the Shareholders entitled to vote at that meeting.

The notice of every meeting shall be given to:

a. every Shareholder, legal representative of any deceased Shareholder or the assignee of an insolvent Shareholder of the Company,

b. Auditor or Auditors of the Company, and

c. all Directors.

d. Any other persons, as the Board may decide

(ii) Notice of meeting to specify place, etc., and to contain statement of business: Notice of every meeting of the Company shall specify the place, date, day and hour of the meeting, and shall contain a statement of the business to be transacted thereat shall be given in the manner prescribed under Section 102 of the Act.

(iii) Contents and manner of service of notice and Persons on whom it is to be served: Every notice may be served by the Company on any Shareholder thereof either personally or by sending it by post to their / its registered address in India and if there be no registered address in India, to the address supplied by the Shareholder to the Company for giving the notice to the Shareholder.

(iv) Special Business: Subject to the applicable provisions of the Act, where any items of business to be transacted at the meeting are deemed to be special, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each item of business including any particular nature of the concern or interest if any therein of every Director or manager (as defined under the provisions of the Act), if any or key managerial personnel (as defined under the provisions of the Act) or the Relatives of any of the aforesaid and where any item of special business relates to or affects any other company, the extent of shareholding interest in that other company of every Director or manager (as defined under the provisions of the Act), if any or key managerial personnel (as defined under the provisions of the Act) or the Relatives of any of the aforesaid of the first mentioned company shall also be set out in the statement if the extent of such interest is not less than 2 (Two) per cent of the Paid up share capital of that other company. All business transacted at any General Meeting of the Company shall be deemed to be special and all business transacted at the Annual General Meeting of the Company with the exception of the business specified in Section 102 of the Act shall be deemed to be special.

(v) Resolution requiring Special Notice: With regard to resolutions in respect of which special notice is required to be given by the Act, a special notice shall be given as required by Section 115 of the Act.

(vi) Notice of Adjourned Meeting when necessary: When a meeting is adjourned for 30 (thirty) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting in accordance with the applicable provisions of the Act.

(vii) Notice when not necessary: Save as aforesaid, and as provided in Section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

(viii) The notice of the General Meeting shall comply with the provisions of Companies (Management and Administration) Rules, 2014.

22. PROCEEDINGS AT GENERAL MEETINGS

(a) Business of Meetings

The ordinary business of an Annual General Meeting shall be to receive and consider the Profit and Loss Account, the Balance Sheet and the Reports of the Directors and the Auditors, to elect Directors in the place of those retiring by rotation, to appoint Auditors and fix their remuneration and declare dividends. All other business transacted at an Annual General Meeting and all businesses transacted at any other General Meeting shall be deemed special business.

(b) Quorum to be present when business commenced:

No business shall be transacted at any General Meeting unless a quorum of Shareholders is present at the time when the meeting proceeds to business. The quorum for the Shareholders' Meeting shall be in accordance with Section 103 of the Act.

(c) When, if quorum not present, meeting to be dissolved and when to be adjourned:

If within half-an-hour from the time appointed for the meeting a quorum be not present, the meeting, if convened such requisition as aforesaid shall be dissolved; but in any other case it shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such time and place as the Board may by notice appoint and if at such adjourned meeting a quorum be not present within half-an-hour from the time appointed for holding the meeting those Shareholders, who are present and not being less than two shall be a quorum and may transact the business for which the meeting was called.

(d) Resolution to be passed by company in general meeting

Any act or resolution which under the provisions of these Articles or of the Act, is permitted or required to be done or passed by the Company in General Meeting shall be sufficiently so done or passed if elected by an Ordinary Resolution as defined in Section 114 of the Act unless either the Act or these Articles specifically require such act to be done or resolution passed by a Special Resolution as defined in Section 114 of the Act.

(e) Chairman of General Meeting

The Chairman of the Board shall be entitled to take the Chair at every General Meeting. If there is no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting, or is unwilling to act, the Shareholders present shall choose another Director as Chairman, and if no Director be present or if all the Directors present decline to take the chair, then the Shareholders present shall, on a show of hands or on a poll if properly demanded, elect one of their member being a Shareholder entitled to vote, to be the Chairman.

(f) Chairman can adjourn the General Meeting

The Chairman may, with the consent given in the meeting at which a quorum is present (and if so directed by the meeting) adjourn the General Meeting from time to time and from place to place within the city, town or village in which the Office of the Company is situate but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When the meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, and except as provided in Section 103 of the Act, it shall not be necessary to give any notice of an adjournment of the business to be transacted at the adjourned meeting.

(g) How questions to be decided at meetings

Every question submitted to a meeting shall be decided, in the first instance by a show of hands and in the case of equality of votes, both on a show of hands and on a poll, the Chairman of the meeting shall have a casting vote in addition to votes to which he may be entitled to as a member.

(h) **Poll**

If a poll be demanded as aforesaid it shall be taken forthwith on a question of adjournment or election of a Chairman and in any other case in such manner and such time, not being later than forty-eight hours from the time when the demand was made and at such place as the Chairman of the meeting directs, and subject as aforesaid, either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the decision of the resolution on which the poll was demanded.

(i) The demand of a poll may be withdrawn at any time.

(ii) Where a poll is taken the Chairman of the meeting shall appoint two scrutineers, one at least of whom shall be Shareholder (not being an Officer or employee of the Company) present at the meeting provided such a Shareholder is available and is willing to be appointed to scrutinize the vote given on the poll and to report to him thereon.

(iii) On a poll a Shareholder entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes use all his votes or cast in the same way all the votes he uses.

(iv) The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

(i) **Passing Resolutions by Postal Ballot**

Notwithstanding any of the provisions of these Articles, the Company may, and in the case of resolutions relating to such business as notified under the Companies (Management and Administration) Rules, 2014, as amended, or other Law be required to be passed by postal ballot, shall get any resolution passed by means of a postal ballot, instead of transacting the business in the General Meeting of the Company. Also, the Company may, in respect of any item of business other than ordinary business and any business in respect of which Directors or Auditors have a right to be heard at any meeting, transact the same by way of postal ballot.

(j) Where the Company decides to pass any resolution by resorting to postal ballot, it shall follow the procedures as prescribed under Section 110 of the Act and the Companies (Management and Administration) Rules, 2014, as amended from time and applicable Law. Further, as per sub-clause (xxi) the Company shall also provide e-voting to the Shareholders of the Company.

(k) **Votes of Shareholder:**

Save as hereinafter provided, on a show of hands every Shareholder present in person and being a holder of an equity share shall have one vote and every Shareholder present as a duly authorized representative of a body corporate, being a holder of equity shares, shall have one vote.

(i) Save as hereinafter provided on a poll the voting rights of a holder of Equity Shares shall be as specified in Section 47 of the Act.

(ii) Any Person entitled to transfer any shares of the Company may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of his right to such shares and give such indemnity (if any) as the Board may require unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.

(iii) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal, or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the Share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the Office before the meeting.

(iv) No objection shall be made to the validity of any vote, except at the Meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

(v) The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be in the sole judge of the validity of every vote tendered at such poll.

(vi) The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within 30 (thirty) days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.

(vii) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the same meeting within the aforesaid period of 30 (thirty) days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for that purpose.

(viii) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.

(ix) The Minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

(x) All appointments of Directors of the Company made at any meeting aforesaid shall be included in the minutes of the meeting.

(xi) Nothing herein contained shall require or be deemed to require the inclusion in any such Minutes of any matter which in the opinion of the Chairman of the Meeting (i) is or could reasonably be regarded as, defamatory of any person, or (ii) is irrelevant or immaterial to the proceedings, or (iii) is detrimental to the interests of the Company. The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the Minutes on the aforesaid grounds.

(xii) Any such Minutes shall be evidence of the proceedings recorded therein.

(xiii) The book containing the Minutes of proceedings of General Meetings shall be kept at the Office of the Company and shall be open, during business hours, for such periods not being less in the aggregate than two hours in each day as the Board determines, for the inspection of any Shareholder without charge.

(xiv) The Company shall cause minutes to be duly entered in books provided for the purpose of:

a. the names of the Directors and Alternate Directors present at each General Meeting;

b. all Resolutions and proceedings of General Meeting.

(xv) The Shareholders shall vote (whether in person or by proxy) all of the shares owned or held on record by them at any Annual or Extraordinary General Meeting of the Company called for the purpose of filling positions to the Board, appointed as a Director of the Company under Sections 152 and 164(1) of the Act in accordance with these Articles.

(xvi) The Shareholders will do nothing to prevent the taking of any action by the Company or act contrary to or with the intent to evade or defeat the terms as contained in these Articles.

(xvii) All matters arising at a General Meeting of the Company, other than as specified in the Act or these Articles if any, shall be decided by a majority vote.

(xviii) 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.

(xix) The Shareholders shall exercise their voting rights as shareholders of the Company to ensure that the Act or these Articles are implemented and acted upon by the Shareholders, and by the Company and to prevent the taking of any action by the Company or by any Shareholder, which is contrary to or with a view or intention to evade or defeat the terms as contained in these Articles.

(xx) Any corporation which is a Shareholder of the Company may, by resolution of the Board or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company and the said person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could have exercised if it were an individual Shareholder in the Company (including the right to vote by proxy).

(xxi) The Company shall also provide e-voting facility to the Shareholders of the Company in terms of the provisions of the Companies (Management and Administration) Rules, 2014, the Listing Regulations or any other Law, if applicable to the Company.

(xxii) Procedure where a Company or body corporate is a Shareholder of the Company

Where a body corporate (hereinafter called "Shareholder Company") is a Shareholder of the Company a person duly appointed by resolution in accordance with the provisions of Section 113 of the Act to represent such Shareholder Company at a meeting of the Company shall not, by reason of such appointment, be deemed to be a proxy and the lodging with the Company at the office or production at the meeting of a copy of such resolution duly signed by one Director or such Shareholder Company and certified by him as being a true copy of the resolution shall on production at the meeting, be accepted by the Company as sufficient evidence of the validity of his appointment. Such a person shall be entitled to exercise the same rights and powers including the right to vote by proxy on behalf of the Shareholder Company which he represents, as that Shareholder Company could exercise if it were an individual member.

Where the President of India or the Governor of a State is a Shareholder of the Company than his representative at meeting shall be in accordance with Section 112 of the Act.

(xxiii) Joint holders:

Where there are joint registered holders of any share anyone of such persons may vote at any meeting either personally or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint-holders be present at any meeting either personally or by proxy that one of the said persons so present whose name stands first on the Register of Members in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Shareholder in whose name any share is registered shall, for the purposes of this Article be deemed joint-holders thereof.

(xxiv) Proxies permitted:

Votes may be given either personally, or in the case of a body corporate, by a representative duly authorized as aforesaid or by proxy.

(xxv) Instrument appointing proxy to be in writing, Proxies may be general or special:

The instrument appointing a proxy shall be in writing under the hands of the appointer or of his Attorney duly authorized in writing or if such appointer is a body corporate be under its common seal or the hand of its Office or Attorney duly authorized. A proxy who is appointed for a specified meeting shall be called a Special Proxy. Any other proxy shall be called a general Proxy.

(xxvi) Instrument appointing a proxy to be deposited at the Office:

The instrument appointing a proxy and the Power of Attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office not less than 48 (forty-eight) hours before the time for holding the meeting at which the person named in the instrument purports to vote in respect thereof and in default the instrument of proxy shall not be treated as valid.

(xxvii) Whether vote by proxy valid through authority revoked:

A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument, or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received by the Company at the office before the vote is given. Provided nevertheless that the vote of Chairman is given. Provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.

(xxviii) Form of instrument appointing a special proxy:

Every instrument appointing a special proxy shall be retained by the Company and shall as nearly as circumstances will admit, be in any of the forms set out in Schedule IX to the Act or as near thereto as possible or in any other form which the Board may accept.

(xxix) Restriction on voting:

No Shareholder shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien, but the Board of Directors may by a resolution passed at the meeting of the Board waive the operation of this Article.

(xxx) Admission or rejection of votes:

Any objection as to the admission or rejection of a vote either, on a show of hands or, on a poll made in due time, shall be referred to the Chairman who shall forthwith determine the same, and such determination made in good faith shall be final and conclusive.
No objection shall be raised to the qualification of any vote except at the meeting or adjourned meeting at which the vote objected to is given or rendered and every vote not disallowed at such meeting shall be valid for all purposes.

23. **DIRECTORS**

(a) The first Directors of the Company were:-

Sl. No.	Name
1	Mr. Naresh Chandra
2	Mr. Tarang Jain
3	Mr. Anurang Jain

(b) The business of the Company shall be managed by the directors who may exercise all such powers of the Company as are not restricted by the Act or any statutory modification thereof for the time being in force or by these Articles required to be exercised by the Company in General Meeting, subject nevertheless, to any regulations of these Articles, to the provisions if the Act, and to such regulations not being inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in general meeting. Nothing shall invalidate any prior act of the Directors which would have been valid if that regulation had been made.

(c) The number of Directors shall not be less than three (3) nor more than fifteen (15). The Company shall also comply with the provisions of the Companies (Appointment and Qualification of Directors)

Rules, 2014 and the provisions of the Listing Regulations. The Board shall have an optimum combination of executive and Independent Directors with at least 1 (one) woman Director, as may be prescribed by Law from time to time.

(d) The Directors need not hold any qualification shares in the Company.

(e) Subject to the provisions of the Act and the rules framed thereunder and as may be determined by the Board, each non-executive Director shall receive out of the Company by way of sitting fees for his services a sum not exceeding the sum prescribed under the Act or the central government from time to time for every meeting of the Board or Committee thereof attended by him.

(f) The Director shall also be paid travelling and other expenses for attending and returning from meeting of the Board (including hotel expenses) and any other expenses properly incurred by them in connection with the business of the Company.

(g) The Directors may also be remunerated for any extra services done by them outside their ordinary duties as directors, subject to the provisions of Section 188 of the Act.

(h) Subject to the provisions of the Act if any Director, being willing, shall be called upon to perform extra services for the purposes of the Company then, subject to Section 197 of the Act the Company shall remunerate such Director by such fixed sum or percentage of profits or otherwise as may be determined by the Board and such remuneration may be either in addition to or in substitution for his remuneration provided above.

(i) Subject to the provisions of Section 188 of the Act, the remuneration of Directors may be a fixed or a particular sum or a percentage sum or a percentage of the net profits or otherwise as may be fixed by the Board, from time to time.

(j) Subject to the provisions of Sections 188 and 184 of the Act, no Directors shall be disqualified by his office from contracting with the Company in which any Director shall be in any way interested be avoided, nor shall any Director contracting or being so interested be liable to account to the Company for any profit realized by any such contract by reason only of such Director holding that office or of the fiduciary relations thereby established but it is declared that the nature of his/her interest must be disclosed by him / her at the meeting of the Directors at which the contract is determined if his / her interest then exists or in any other case, at the first meeting of the directors after he / she acquires such interest.

(k) Subject to Section 161 of the Act, any Director (hereinafter called the "Original Director") shall be entitled to nominate an alternate director (subject to such person being acceptable to the Chairman) (the "**Alternate Director**") to act for him during his absence for a period of not less than 3 (three) months from India. The Board may appoint such a person as an Alternate Director to act for a Director during the Original Director's absence for a period of not less than three months from India. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to the State. If the term of the office of the Original Director is determined before he so returns to the State, any provisions in the Act or in these Articles for automatic re-appointment shall apply to the Original Director and not to the Alternate Director.

(l) The Directors shall have the power, at any time and from time to time, to appoint any person as additional directors in addition to the existing Directors so that the total number of Directors shall not at any time exceed the number fixed for Directors in these Articles. Any Person so appointed as an addition shall hold office only up to the earlier of the date of the next Annual General Meeting or at the last date on which the Annual General Meeting should have been held but shall be eligible for appointment by the Company as a Director at that meeting subject to the applicable provisions of the Act.

(m) The Company may, by Ordinary Resolution, of which special notice has been given in accordance with the provisions of Section 115 of the Act, remove any Director, if any, before the expiration of the period of his office, notwithstanding anything contained in these regulations or in any agreement between the Company and such Director. Such removal shall be without prejudice to any contract of service between him and the Company.

(n) If a Director appointed by a Company in a General Meeting, vacates office as a Director before his term of office would expire in the normal course, the resulting casual vacancy may be filled up by the Board at a meeting of the Board but any person so appointed shall retain his office so long only as the vacating director would have retained the same if vacancy had not occurred, provided that the Board may not fill such a casual vacancy by appointing thereto any person who has been removed from the office of director under Article 23 (m).

(o) Section 167 of the Act shall apply, regarding vacation of office by director. A director shall also be entitled to resign from the office of directors from such date as he may specify while so resigning.

(p) **Company in general meeting increase or reduce number of Directors**:

Subject to Article 23 (c) and Sections 149, 152 and 164 of the Act, the Company may, by Ordinary Resolution, from time to time, increase or reduce the number of Directors, and may alter their qualifications and the Company may, (subject to the provisions of Section 169 of the Act), remove any Director before the expiration of his period of office and appoint another qualified in his stead. The person so appointed shall hold office during such time as the Director in whose place he is appointed would have held the same if he had not been removed.

(q) **Chairman of the Board of Directors**

The members of the Board shall elect any one of them as the Chairman of the Board. The Chairman shall preside at all meetings of the Board and the General Meeting of the Company. The Chairman shall have a casting vote in the event of a tie.

If for any reason the Chairman is not present within 15 (fifteen) minutes after the time appointed for holding the meeting or is unwilling to act as Chairman, the members of the Board shall appoint any one of the remaining Directors as the Chairman Managing Director or Whole-time Director of the Company may act as Chairman to the Board of Directors of the Company.

(r) **Independent Directors**

The Company shall have such number of Independent Directors on the Board of the Company, as may be required in terms of the provisions of Section 149 of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 or any other Law, as may be applicable. Further, the appointment of such Independent Directors shall be in terms of the aforesaid provisions of Law and subject to the requirements prescribed under the Listing Regulations.

(s) **Equal Power to Director**

Except as otherwise provided in these Articles, all the Directors of the Company shall have in all matters, equal rights and privileges and shall be subject to equal obligations and duties in respect of the affairs of the Company.

(t) **Nominee Directors**

(i) Whenever the Board enters into a contract with any lenders for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or enter into any other arrangement, the Board shall have, subject to the provisions of Section 152 of the Act the power to agree that such lenders shall have the right to appoint or nominate by a notice in writing addressed to the Company one or more Directors on the Board for such period and upon such conditions as may be mentioned in the common loan agreement / facility agreement. The nominee director representing lenders shall not be required to hold qualification shares and not be liable to retire by rotation. The Directors may also agree that any such Director, or Directors may be removed from time to time by the lenders entitled to appoint or nominate them and such lenders may appoint another or other or others in his or their place and also fill in any vacancy which may occur as a result of any such Director, or Directors ceasing to hold that office for any reason whatsoever. The nominee director shall hold office only so long as any monies remain owed by the Company to such lenders.

(ii) The nominee director shall be entitled to all the rights and privileges of other Directors including the sitting fees and expenses as payable to other Directors but, if any other fees, commission, monies or remuneration in any form are payable to the Directors, the fees, commission, monies and remuneration in relation to such nominee director shall accrue to the lenders and the same shall accordingly be paid by the Company directly to the lenders.

(iii) Provided that if any such nominee director is an officer of any of the lenders, the sittings fees in relation to such nominee director shall also accrue to the lenders concerned and the same shall accordingly be paid by the Company directly to that lenders.

(iv) Any expenditure that may be incurred by the lenders or the nominee director in connection with the appointment or directorship shall be borne by the Company.

(v) The nominee director shall be entitled to receive all notices, agenda, minutes, etc., and to attend all general meetings and Board meetings and meetings of any committee(s) of the Board of which he is a member.

(vi) If at any time, the nominee director is not able to attend a meeting of Board or any of its committees, of which he is a member, the lenders may depute an observer to attend the meeting. The expenses incurred by the lenders in this connection shall be borne by the Company.

(u) **Director's fees, remuneration and expenses**:

(i) Subject to the applicable provisions of the Act, the Rules, Law including the provisions of the Listing Regulations, a Managing Director or Managing Directors, and any other Director/s who is / are in the whole time employment of the Company may be paid remuneration either by a way of monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other, subject to the limits prescribed under the Act.

(ii) All fees / compensation to be paid to non-executive Directors including Independent Directors shall be as fixed by the Board and shall require the prior approval of the Shareholders in a General meeting, in applicable cases. Such approval shall also specify the limits for the maximum number of stock options that can be granted to a non-executive Director, in any financial year, and in aggregate. However, such prior approval of the Shareholders shall not be required in relation to the payment of sitting fees to non-executive Directors if the same is made within the prescribed limits under the Act for payment of sitting fees. Notwithstanding anything contained in this article, the Independent Directors shall not be eligible to receive any stock options.

(v) **Vacation of Office of Director**:

Subject to relevant provisions of Sections 167 and 188 of the Act, the office of a Director, shall ipso facto be vacated if:

(i) he is found to be of unsound mind by a court of competent jurisdiction; or

(ii) he applies to be adjudicated an insolvent; or

(iii) he is adjudged an insolvent; or

(iv) he is convicted by a court of any offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than 6 (six) months; or

(v) he fails to pay any calls made on him in respect of shares of the Company held by him whether alone or jointly with others, within 6 (six) months from the date fixed for the payment of such call, unless the Central Government has by notification in the Official Gazette removed the disqualification incurred by such failure; or

(vi) he absents himself from all the meetings of the Board of Directors held during a period of twelve months with or without seeking leave of absence of the Board; or

(vii) he, (whether by himself or by any Person for his benefit or on his account), or any firm in which he is a partner, or any private company of which he is a director, accepts a loan, or any guarantee or security for a loan, from the Company, in contravention of Section 185 of the Act; or

(viii) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company; or

(ix) he acts in contravention of Section 184 of the Act; or

(x) he becomes disqualified by an order of the court under Section 203 of the Companies Act, 1956; or

(xi) he is removed in pursuance of Section 169 of the Act; or

(xii) he is disqualified under Section 164(2) of the Act.

(w) The Company shall keep at its Office a register containing the particulars of its Directors and key managerial personnel as may be prescribed under Section 170 of the Act, and shall otherwise comply with the provisions of the said Section in all respects.

(x) The Company shall not appoint or employ, or continue the appointment or employment of a person as its managing or whole-time Director who is disqualified under Section 196(3) and other applicable provisions of the Act or other applicable laws and regulations.

(y) All acts done by Board, 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 and such person had been appointed and was qualified to be a Director as the case may be.

Subject to the applicable provisions of the Act, a Director may resign his office at any time by notice in writing addressed to the Board and such resignation shall become effective upon its acceptance by the Board.

24. **CONTINUING DIRECTORS**

The continuing Directors may act notwithstanding any vacancy in their body, but if, and so long as their number is reduced below the minimum number fixed by Article 23 (c) hereof, the continuing Directors not being less than two may act for the purpose of increasing the number of Directors to that number, or for summoning a General Meeting, but for no other purpose

25. **PROCEDURE, IF PLACE OF RETIRING DIRECTORS IS NOT FILLED UP**

(a) If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a national holiday, till the next succeeding day which is not a national holiday, at the same time and place.

(b) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been reappointed at the adjourned meeting subject to compliance with the applicable law.

26. **POWERS OF THE BOARD**

Subject to the applicable provisions of the Act, these Articles and other applicable provisions of Law: -

(a) The Board shall be entitled to exercise all such power and to do all such acts and things as the Company is authorised to exercise and do under the applicable provisions of the Act or by the Memorandum and Articles of the Company.

(b) The Board is vested with the entire management and control of the Company, including as regards any and all decisions and resolutions to be passed, for and on behalf of the Company.

(c) Provided that the Board shall not, except with the consent of the Company by a Special Resolution:-

i. Sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking. The term 'undertaking' and the expression 'substantially the whole of the undertaking' shall have the meaning ascribed to them under the provisions of Section 180 of the Act;

ii. Remit, or give time for repayment of, any debt due by a Director;

iii. Invest otherwise than in trust securities the amount of compensation received by the Company as a result of any merger or amalgamation; and

Borrow money(ies) where the money(ies) to be borrowed together with the money(ies) already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of businesses), will exceed the aggregate of the Paid up capital of the Company and its free reserves.

27. **RELATED PARTY TRANSACTIONS**

(a) Except with the consent of the Audit Committee, Board or the Shareholders, as may be required in terms of the provisions of section 188 of the Act and the Companies (Meetings of Board and its Powers) Rules, 2014, the Company shall not enter into any contract or arrangement with a 'Related Party' with respect to:

(i) sale, purchase or supply of any goods or materials;

(ii) selling or otherwise disposing of, or buying, property of any kind;

(iii) leasing of property of any kind;

(iv) availing or rendering of any services;

(v) appointment of any agent for purchase or sale of goods, materials, services or property;

(vi) such Director's or its Relative's appointment to any office or place of profit in the company, its subsidiary company or associate company; and

(vii) underwriting the subscription of any securities or derivatives thereof, of the company:

(b) no Shareholder of the Company shall vote on such Ordinary Resolution, to approve any contract or arrangement which may be entered into by the Company, if such Shareholder is a Related Party.

(c) nothing in this Article shall apply to any transactions entered into by the Company in its ordinary course of business other than transactions which are not on an arm's length basis

(d) The Director, so contracting or being so interested shall not be liable to the Company for any profit realised by any such contract or the fiduciary relation thereby established.

(e) The terms "office of profit" and "arm's length basis" shall have the meaning ascribed to them under Section 188 of the Act.

(f) The term 'related party' shall have the same meaning as ascribed to it under the Act

(g) The compliance of the Companies (Meetings of Board and its Powers) Rules, 2014 shall be made for the aforesaid contracts and arrangements.

28. **APPOINTMENT OF DIRECTOR OF A COMPANY IN WHICH THE COMPANY IS INTERESTED:**

A Director may be or become a Director of any Company promoted by the Company, or on which it may be interested as a vendor, shareholder, or otherwise, and no such Director shall be accountable for any benefits received as director or shareholder of such Company except in so far as Section 188 or Section 197 of the Act as may be applicable.

29. **DISCLOSURE OF A DIRECTOR'S INTEREST**

Every Director shall in accordance with the provisions of Section 184 of the Act and of the Companies (Meeting of Board and its Powers) Rules, 2014 shall disclose his concern or interest in any company or companies or bodies corporate (including shareholding interest), firms or other association of individuals by giving a notice in accordance with such rules.

A Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract or arrangement, or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 184 of the Act;

Provided that it shall not be necessary for a Director to disclose his concern or interest in any such contract or arrangement entered into or to be entered into with any other company where any of the Directors of the company or two or more of them together holds or hold not more than 2% (two per cent) of the Paid up Share Capital in the other company or the Company as the case may be.

A general notice given to the Board by the Director, to the effect that he is a director or shareholder of a specified body corporate or is a partner of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the Financial Year in which it is given but may be renewed for a further period of one Financial Year at a time by a fresh notice given in the first meeting of the Board in the Financial Year in which it would have otherwise expired.

30. **DISCUSSION AND VOTING BY INTERESTED DIRECTOR:**

No Director shall, as a Director, take any part in the discussion of, or vote on any contract or arrangement in which he is in any way, whether directly or indirectly concerned or interested, nor shall his presence count for the purpose of forming a quorum at the time of such discussion or vote. This prohibition shall not apply to:

(a) Any contract of indemnity against any loss which the Director's or any of them may suffer by reason of becoming or being sureties or surety for the company: or

(b) Any contract or arrangement entered into or to be entered into by the Company with a public company, or with a private company, which is a subsidiary of a public company, in which the interest of the Director consists solely in his being a Director of such Company and the holder of shares not exceeding a number of value the amount requisite to qualify him for appointment as a director thereof, he having been nominated as such Director by the Company or in his being a Shareholder of the Company holding not more than two per cent of the Paid up share capital of the Company.

Subject to the provisions of Section 188 of the Act and other applicable provisions, if any, of the Act, any Director of the Company, any partner or Relative of such Director, any firm in which such Director or a Relative of such Director is a partner, any private company of which such Director is a director or member, and any director or manager of such private company, may hold any office or place of profit in the Company.

(c) The Company shall keep a Register in accordance with Section 189 of the Act and shall within the time specified therein enter therein such of the particulars as may be. The Register aforesaid shall also specify, in relation to each Director of the Company, the names of the bodies corporate and firms of which notice has been given by him under Article 29. The Register shall be kept at the Office of the Company and shall be open to inspection at such Office, and extracts may be taken therefrom and copies thereof may be required by any Shareholder of the Company to the same extent, in the same manner, and on payment of the same fee as in the case of the Register of Members of the Company and the provisions of Section 94 of the Act shall apply accordingly.

31. **ROTATION AND RETIREMENT OF DIRECTOR**

(a) **Rotation of Directors**

At the Annual General Meeting of the Company to be held in every year, one third of such of the Directors as are liable to retire by rotation for time being, or, if their number is not three or a multiple of three then the number nearest to one third shall retire from office, and they will be eligible for re-election.

(b) **Which Directors to retire**:

(i) The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment but as between persons who become Directors on the same day those to retire shall, in default to for subject to any agreement among themselves, be determined by lot.

(ii) Save as permitted by Section162 of the Act, every resolution of a General Meeting for the appointment of a Director shall relate to one name individually.

32. **WHEN THE COMPANY AND CANDIDATE FOR OFFICE OF DIRECTOR MUST GIVE NOTICE:**

The eligibility and appointment of a person other than a retiring Director to the office of the Director shall be governed by the provisions of Section 160 of the Act.

33. **REGISTER OF DIRECTORS, KEY MANAGERIAL PERSONNEL, ETC.**

(a) The Company shall keep at its Office, a Register containing the particulars of its Directors, Managing Directors, Manager, Secretaries and other Persons mentioned in Section 170 of the Act and shall otherwise comply with the provisions of the said Section in all respects.

(b) The Company shall in respect of each of its Directors also keep at its Office a Register, as required by Section 170 of the Act, and shall otherwise duly comply with the provisions of the said Section in all respects.

34. **PROCEEDINGS OF DIRECTORS**

(a) The Quorum necessary for the transaction of the business of directors shall be minimum two or one third of the total numbers of directors whichever is higher, subject to Section 174 of the Act and the presence of Directors by video conferencing or by other audio visual means shall also be counted for the purposes of calculating quorum.

(b) If any duly convened Board Meeting cannot be held for want of a quorum, then such a meeting shall automatically stand adjourned for 7 (seven) days after the original meeting at the same time and place, or if that day is a national holiday, on the succeeding day which is not a public holiday to the same time and place. Provided however, the adjourned meeting may be held on such other date and such other place as may be unanimously agreed to by all the Directors in accordance with the provisions of the Act.

(c) If in the event of a quorum once again not being available at such an adjourned meeting, the Directors present shall constitute the quorum and may transact business for which the meeting has been called.

(d) Subject to the provisions of Section 173 of Act, a meeting of the Board shall be held in such a manner that not more than 120 days shall intervene between two consecutive meetings of the Board and at least four such meetings shall be held in each calendar year. The directors may meet together for the discharge of the business, adjourn and otherwise regulate their meetings and proceedings, as they think fit.

(e) Notice of every meeting of Board of the Company shall be given in writing to every director at his / her address registered with the Company.

(f) A meeting of the director for the time being at which a quorum is present, shall be competent to exercise all or any of the authorities, powers and discretions by law or under Articles and regulations for the time being vested in or exercisable by directors.

(g) The Managing Director or a Director or a secretary upon the requisition of Director(s), may at any time convene a meeting of the Board.

(h) The questions arising at any meeting of the Board shall be decided by a majority of votes and in case of any equality of vote, the Chairman shall have a second or casting vote.

(i) **Meetings of Directors:**

(i) The participation of Directors in a meeting of the Board may be either in person or through video conferencing or other audio visual means, as may be prescribed, which are capable of recording and recognising the participation of the Directors and of recording and storing the proceedings of such meetings along with date and time. However, such matters as provided under Rule 4 of the Companies (Meetings of Board and its Powers) Rules, 2014 shall not be dealt with in a meeting through video conferencing or other audio visual means. Any meeting of the Board held through video conferencing or other audio visual means shall only be held in accordance with the Companies (Meetings of Board and its Powers) Rules, 2014.

(ii) At least 7 (seven) days' notice of every meeting of the Board shall be given in writing to every Director for the time being at his address registered with the Company and such notice shall be sent by hand delivery or by post or by electronic means. A meeting of the Board may be convened in accordance with these Articles by a shorter notice in case of any emergency as directed by the Chairman or the Managing Director or the Executive Director, as the case may be, subject to the presence of 1 (one) Independent Director in the said meeting. If an Independent Director is not present in the said meeting, then decisions taken at the said meeting shall be circulated to all the Directors and shall be final only upon ratification by one independent Director. Such notice or shorter notice may be sent by post or by fax or e-mail depending upon the circumstances.

(iii) At any Board Meeting, each Director may exercise 1 (one) vote. The adoption of any resolution of the Board shall require the affirmative vote of a majority of the Directors present at a duly constituted Board Meeting.

35. **CHAIRMAN**:

The Board may elect a chairman of its meeting and determine the period for which he is to hold office.

36. **HOW QUESTIONS TO BE DECIDED**:

(i) Questions arising at any meeting of the Board or Committees, other than as specified in these Articles and the Act, if any, shall be decided by a majority vote. In the case of an equality of votes, the Chairman shall have a second or casting vote.

(ii) No regulation made by the Company in General Meeting, shall invalidate any prior act of the Board, which would have been valid if that regulation had not been made.

37. **COMMITTEES AND DELEGATION BY THE BOARD**

(i) The Company shall constitute such Committees as may be required under the Act, applicable provisions of Law and the Listing Regulations. Without prejudice to the powers conferred by the other Articles and so as not to in any way to limit or restrict those powers, the Board may, subject to the provisions of Section 179 of the Act, delegate any of its powers to the Managing Director(s), the executive director(s) or manager or the chief executive officer of the Company. The Managing Director(s), the executive director(s) or the manager or the chief executive officer(s) as aforesaid shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on them by the Board and all acts done by them in exercise of the powers so delegated and in conformity with such regulations shall have the like force and effect as if done by the Board.

(ii) Subject to the applicable provisions of the Act, the requirements of Law and these Articles, the Board may delegate any of its powers to Committees of the Board consisting of such member or members of the Board as it thinks fit, and it may from time to time revoke and discharge any such committee of the Board either wholly or in part and either as to persons or purposes. Every Committee of the Board so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.

(iii) The meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulation made by the Directors under the last preceding Article.

(iv) The Board of the Company shall in accordance with the provisions of the Companies (Meetings of the Board and its Powers) Rules, 2014 or any other Law and the provisions of the Listing Regulations, form such committees as may be required under such rules in the manner specified therein, if the same are applicable to the Company.

38. **WHEN ACTS OF A DIRECTOR VALID NOTWITHSTANDING INFORMAL APPOINTMENTS**:

All acts undertaken at any meeting of the Board or of a Committee of the Board, or by any person acting as a Director shall, notwithstanding that it may afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director. Provided that nothing in this Article shall be deemed to give validity to the acts undertaken by a Director after his appointment has been shown to the Company to be invalid or to have been terminated.

39. **RESOLUTION WITHOUT BOARD MEETING:**

No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft form, together with the necessary papers, if any, to all the Directors, or members of the Committee, as the case may be, at their addresses registered with the Company in India by hand delivery or by post or by courier, or through such electronic means as may be provided under the Companies (Meetings of Board and its Powers) Rules, 2014 and has been approved by majority of Directors or Shareholders, who are entitled to vote on the resolution. However, in case one-third of the total number of Directors for the time being require that any resolution under circulation must be decided at a meeting, the chairperson shall put the resolution to be decided at a meeting of the Board.

A resolution mentioned above shall be noted at a subsequent meeting of the Board or the Committee thereof, as the case may be, and made part of the minutes of such meeting.

40. **MINUTES**

(a) The Board shall respectively cause minutes of all proceedings of General Meetings and of all proceedings at meetings of Board or of Committee to be duly entered in books to be maintained for that purpose in accordance with Section 118 of the Act, provided that the minutes book may be maintained in loose leafs

(b) The Company shall prepare minutes of each Board Meeting and the entries thereof in books kept for that purpose with their pages consecutively numbered. Such minutes shall contain a fair and correct summary of the proceedings conducted at the Board Meeting.

(c) The Company shall circulate the draft minutes of the meeting to each Director within 15 (fifteen) days after the Board Meeting.

(d) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting.

(e) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.

(f) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat and shall also contain: -

(i) all appointments of Officers;

(ii) The name of the Directors present at the meeting in case of meeting of Board or Committee of Board;

(iii) all resolutions and proceedings of the meetings of the Board; and

(iv) the name of the Directors, if any, dissenting from or not consenting to the resolution, in the case of each resolution passed at the meeting of Board or Committee of Board.

(g) Nothing contained in sub Articles (a) to (f) above shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting: -

(i) is or could reasonably be regarded as defamatory of any person;

(ii) is irrelevant or immaterial to the proceedings; or

(iii) is detrimental to the interests of the Company.

(h) The Chairman shall exercise absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the ground specified in sub Article (g) above.

(i) Any such minutes, purporting to be signed in accordance with the provisions of Sections 118 of the Act, shall be evidence of the proceedings.

(j) The minutes kept and recorded under this Article shall also comply with the provisions of Secretarial Standards issued by the Institute of Company Secretaries of India constituted under the Company Secretaries Act, 1980 and approved as such by the Central Government and applicable provisions of the Act and Law.

41. **POWER TO BE EXERCISED BY THE BOARD ONLY BY MEETING**

The Board shall exercise the following powers on behalf of the Company and the said powers shall be exercised only by resolutions passed at the meeting of the Board: -

(a) to make calls on Shareholders in respect of money unpaid on their shares;

(b) to authorise buy-back of securities under Section 68 of the Act;

(c) to issue securities, including debentures, whether in or outside India;

(d) to borrow money(ies);

(e) to invest the funds of the Company;

(f) to grant loans or give guarantee or provide security in respect of loans;

(g) to approve financial statements and the Board’s report;

(h) to diversify the business of the Company;

(i) to approve amalgamation, merger or reconstruction;

(j) to take over a company or acquire a controlling or substantial stake in another company;

(k) fees / compensation payable to non-executive directors including independent directors of the Company; and

(l) any other matter which may be prescribed under the Companies (Meetings of Board and its Powers) Rules, 2014 and the Listing Regulations.

The Board may, by a resolution passed at a meeting, delegate to any Committee of Directors, the Managing Director, or to any person permitted by Law the powers specified in sub clauses (d) to (f) above.

The aforesaid powers shall be exercised in accordance with the provisions of the Companies (Meetings of Board and its Powers) Rules, 2014 and shall be subject to the provisions of section 180 of the Act.

42. **MANAGING DIRECTOR(S) / WHOLE TIME DIRECTOR(S) / EXECUTIVE DIRECTOR(S) / MANAGER**

The Board may, from time to time, subject to the provisions of Sections 196 and 203 of the Act and of these Articles, appoint from time to time, a Managing Director or whole time director or executive director or manager of the Company for such period and on such remuneration and other terms, as they think fit and subject to the terms of any agreement entered into in any particular case, may revoke such appointment. His appointment will be automatically terminated if he ceases to be a director.

The Board, subject to Section 179 of the Act, may entrust to and confer upon a managing director or a whole time director any of the powers exercisable by them, upon such terms and conditions and with such restrictions, as they may think fit and either collaterally with or to their own powers and may, from time to time, revoke, withdraw or alter or vary all or any of such powers.

The person so appointed, shall be responsible for and in charge of the day to day management and affairs of the Company and subject to the applicable provisions of the Act and these Articles, the Board shall vest in such Managing Director/s or the whole time director(s) or manager or executive director(s), as the case may be, all the powers vested in the Board generally.

43. **PROVISIONS TO WHICH MANAGING DIRECTOR(S) / WHOLE TIME DIRECTOR(S) / EXECUTIVE DIRECTOR(S) / MANAGER ARE SUBJECT**

Notwithstanding anything contained herein, a Managing Director(s) / whole time director(s) / executive director(s) / manager shall subject to the provisions of any contract between him and the Company be subject to the same provisions as to resignation and removal as the other Directors of the Company, and if he ceases to hold the office of a Director he shall *ipso facto* and immediately cease to be a Managing Director(s) / whole time director(s) / executive director(s) / manager.

44. **POWER OF ATTORNEY:**

The Board may, at any time and from time to time, by Power-of-Attorney under Seal appoint any persons to be the Attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those which may be delegated by the Board under the Act) and for such period and subject to such conditions as the Board may, from time to time, think fit; and any such appointments, may, if the Board thinks fit, be made in favour of the Shareholders, or in favour of the Company or of the Shareholders, directors, nominees, or officers of any Company or firm, or in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board; and any such Power-of-Attorney may contain such provisions for the protection or convenience of persons dealing with such Attorney as the Board think fit.

45. **CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER**

Subject to the provisions of the Act:-

(a) 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 thinks 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;

(b) A director may be appointed as Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer.

(c) Any provision in the Act or these Articles requiring or authorising 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.

(d) Any such objection made in due time shall be referred to the Chairman of the meeting whose decision thereon shall be final and conclusive.

46. **POWER TO AUTHENTICATE DOCUMENTS:**

Any Director or the Secretary or any officer appointed by the Board for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any books, records, documents and account relating to the business of the Company and to certify copies thereof extracts therefrom, as true copies or extracts and where any books, records, documents or accounts are elsewhere than at the office, the local manager or other officer of the Company having the custody thereof shall deemed to be a person appointed by the Board as aforesaid.

47. **CERTIFIED COPIES OF THE BOARD:**

A document purporting to be a copy of a resolution of the Board or an extract from the minutes of meeting of the Board which is certified as such in accordance with the provisions of the last preceding Articles shall be conclusive evidence in favour of all persons dealing with the Company upto the faith thereof that such resolution has been duly passed or, as the case may be that such extract is true and accurate record of a duly constitute meeting of the Directors.

48. **RESERVES**

The Board may from time to time before recommending any Dividend set apart any such portion of the profit of the Company as it thinks fit as reserves to meet contingencies or for the liquidations of the debentures, debts or other liabilities of the Company, for equalization of Dividends for repairing, improving or maintaining any of the property of the Company and such other purposes of the Company as the Board in its absolute discretion thinks conducive to the interest of the Company and may subject to the provisions of Section 186 of the Act, invest the several sums so set aside upto such investments (other than shares of the Company) as it may think fit, and from time to time deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company, and may divide the Reserve into such special funds as the Board thinks fit, with full power to employ the Reserve or any part thereof in the business of the Company and that without being bound to keep the same separate from other assets.

49. **INVESTMENT OF MONEY**

All money carried to the Reserves shall nevertheless remain and be profits of the Company available, subject to due provision being made for actual loss or depreciation, for the payment of Dividends and such moneys and all the other moneys of the Company not immediately required for the purpose of the Company may, subject to the provision of Section 186 of the Act, be invested by the Board in or upon such investments or securities as it may select or may be used as working capital or may be kept at any Bank on deposit or otherwise as the Board may, from time to time think proper.

50. **ISSUE OF BONUS SHARES**

The Company in its General Meeting may resolve to issue the bonus shares to its shareholders subject to the applicable provisions of the Act and other laws as may be applicable in this behalf from time to time.

51. **FRACTIONAL CERTIFICATE**

For the purpose of giving effect to any resolution under the two last preceding Articles the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and, in particular, may issue fractional certificates, and may fix the value for distribution of any specific assets, and may determine that cash payments shall be made to any Shareholders upon the footing of value so fixed in order to adjust the right so fall parties may vest such cash or specific assets in trustees upon such trusts for the persons entitled to the dividends or capitalized fund as may seem expedient to the Board. Where requisite a proper contract shall be filed in accordance with Section 75 of the Act, and the Board may appoint any person to sign such contract on behalf of the person entitled to the dividends or capitalized fund and such appointment shall be effective.

52. **DIVIDENDS AND RESERVES**

a. The Company in General meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.

b. Subject to the applicable provisions of the Act and Rules made there under, the Board may, from time to time, pay to the members such interim dividends as appear it to be justified by the profits earned by the Company.

c. The Board may, before recommending any dividend, set aside out of the profits of the Company, such sums, as it may think proper, as reserve or reserves which shall at the discretion of the Board, be applicable for any of the purposes to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends and pending such applications 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.

d. The Board may also carry forward any profits which it may think prudent not to divide, without setting them aside as a reserve.

e. Subject to the rights of the persons, if any, holding shares with special rights as the 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.

f. No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Article as having been paid on the share.

g. 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.

h. 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.

i. Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post direct to the registered address of the holder or, in 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 first named holder or joint holders may in writing direct.

j. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

k. Any one of two or more joint holders of a share may give effectual receipts for any dividends, bonus or other moneys payable in respect of such share.

l. 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.

m. No dividend shall bear interest against the Company, irrespective of the reason for which it has remained unpaid.

n. There shall be no forfeiture of unclaimed Dividends before the claim becomes barred by Law provided that a recognized stock exchange may provisionally admit to dealings the securities of a company which undertakes to amend articles of association at it next general meeting so as to fulfill the foregoing requirements and agrees to act in the meantime strictly in accordance with the provisions of this clause.

53. **UNPAID OR UNCLAIMED DIVIDEND**

(a) If the Company has declared a Dividend which has not been paid or the Dividend warrant in respect thereof has not been posted or sent within 30 (thirty) days from the date of declaration to any Shareholder entitled to payment of the Dividend, the Company shall within 7 days from the expiry of the aforesaid period transfer the total amount of dividend, which remained unpaid or unclaimed within the period of 30 (thirty) days, to a special account to be opened by the Company in that behalf in any scheduled bank to be called the "Unpaid Dividend of Varroc Engineering Limited".

(b) Any money so transferred to the unpaid Dividend account of the Company which remains unpaid or unclaimed for a period of 7 (seven) years from the date of such transfer, shall be transferred by the Company to the Fund established under sub-section (1) of Section 125 of the Act, viz. "Investors Education and Protection Fund".

54. **BOOKS OF ACCOUNT TO BE KEPT**

The Board shall cause proper books of account to be maintained under Section 128 of the Act.

Subject to the provisions of Section 207 of the Act the Board shall also, from time to time, determine whether and to what extent, and at what times and places, and at what conditions or regulations account books of the Company or any of them, are to be kept or shall be open to the inspection of Shareholders not being Directors.

Subject to the provisions of Section 207 of the Act no Shareholder (not being the director) or other person shall have any right of in inspecting any account book or document of the Company except as conferred by law or authorised by the Board or by the Company in General Meeting.

The Books of accounts shall be kept at the Office or at such other place in India as the Board may decide and when the Board so decides, the Company shall within seven days of the decision, file with the Registrar a notice in writing giving the full address of that other place.

The Books of Account shall be open to inspection by any Director during business hours.

55. **ACCOUNTS**

(a) Balance sheet and profit and loss account of the Company will be audited once in a year by a qualified auditor for certification of correctness as per provisions of the Act.

(b) **Balance Sheet and Profit and Loss Account:**

At every Annual General Meeting the Board shall lay before the Company a Balance Sheet and Profit and Loss Account made up in accordance with the provision of the Act and such Balance Sheet and

Profit and Loss Account shall comply with the requirements of sections 134 of the Act so far as they are applicable to the Company but, save as aforesaid the Board shall not be found to disclose greater details of the result or extent of the trading and transactions of the Company than it may deem expedient.

(c) **Annual Report of Directors**:

There shall be attached to every Balance Sheet laid before the Company a report by the Board complying with Section 134 of the Act and other applicable laws.

(d) **Copies to be sent to Shareholders and others**:

A copy of every Balance Sheet (including the Profit and Loss Account, the Auditors Report and every document required by law to be annexed or attached to the Balance Sheet) shall, as provided by section 136 of the Act not less than twenty-one days before the meeting be sent to every such Shareholders, trustee and other person to whom the same is required to be sent by the said section.

(e) **Copies of Balance Sheet to be filed**:

The Company shall comply with Section 137 of the Act as to filing copies of the Balance Sheet and Profit and Loss Account and documents required to be annexed or attached thereto with the Registrar of Companies.

(b) **Service of process in winding-up**:

Subject to the provisions of the Act, in the event of winding-up of the Company every Shareholder of the Company who is not for the time being in the place where the office of the Company is situated shall be bound, within eight weeks after the passing of an effective resolution to wind up the Company voluntarily or the making of any order for the winding up of the Company to serve notice in writing on the Company appointing some householder residing in the neighbourhood of the office upon whom all summons, notices, processes, orders and judgments in relation to or under the winding up of the Company may be served and in default to such nomination, the liquidator of the Company shall be at liberty on behalf of such member, to appoint some such person and service upon any such appointee by the Shareholder on the liquidator shall be deemed to be good personal service on such Shareholder for all purposes and where the liquidator makes any such appointment he shall, with all convenient speed, given notice thereof to such Shareholder by advertisement in some daily newspaper circulating in the neighbourhood of the office or by a registered letter sent by post and addressed to such Shareholder at his address as registered in the register and such notice shall be deemed to be served on the day on which the advertisement appears or the letter would be delivered in the ordinary course of the post. The provision of this Article does not prejudice the right of the liquidator of the Company to serve any notice or other document in any other manner prescribed by these Articles.

(c) **Shareholders to notify address in India**

Each registered Shareholder shall from time to time notify in writing to the Company such place in India to be registered as his address and such registered place of address shall for all purposes be deemed to be his place of residence.

(d) **Service on Shareholders having no Registered Address**

If a Shareholder does not have registered address in India, and has not supplied to the Company any address within India, for the giving of the notices to him, a document advertised in a newspaper circulating in the neighborhood of Office of the Company shall be deemed to be duly served to him on the day on which the advertisement appears.

(e) **Service on Persons Acquiring Shares on Death or Insolvency of Shareholders**

A document may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a Shareholders by sending it through the post in a prepaid letter addressed to them by name or by the title or representatives of the deceased, assignees of the insolvent by any like description at the address (if any) in India supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by serving the document in any manner in which the same might have been served as if the death or insolvency had not occurred.

(f) **Notice by advertisement**

Subject to the applicable provisions of the Act, any document required to be served or sent by the Company on or to the Shareholders, or any of them and not expressly provided for by these Articles, shall be deemed to be duly served or sent if advertised in a newspaper circulating in the district in which the Office is situated.

56. **KEEPING OF REGISTERS AND INSPECTION**

(a) **Registers, etc. to be maintained by the Company:**

The Company shall, in terms of the provisions of Section 88 of the Act, cause to be kept the following registers in terms of the applicable provisions of the Act:

A Register of Member indicating separately for each class of Equity Shares held by each Shareholder residing in or outside India and a Register of any other security holders.

The Company shall also be entitled to keep in any country outside India, a part of the registers referred above, called "foreign register" containing names and particulars of the Shareholders or beneficial owners residing outside India.

The registers mentioned in this Article shall be kept and maintained in the manner prescribed under the Companies (Management and Administration) Rules, 2014.

(b) **Supply of copies of Registers**:

Copies of the Memorandum and Articles of Association of the Company and other documents referred to in Section 17 of the Act shall be sent by the Company to every Shareholder at his request within 7 (seven) days of the request on payment of such sum as prescribed under the Companies (Incorporation) Rules, 2014.

(c) **Inspection of Registers**:

The register of charges, register of investments, register of shareholders, books of accounts and the minutes of the meeting of the Board and Shareholders shall be kept at the office of the Company and shall be open, during business hours, for such periods not being less in the aggregate than two hours in each day as the Board determines for inspection of any Shareholder without charge. In the event such Shareholder conducting inspection of the abovementioned documents requires extracts of the same, the company may charge a fee which shall not exceed Rupees ten (10) per page or such other limit as may be prescribed under the Act or other applicable provisions of Law.

(d) **When Registers of Shareholders may be closed**:

The Company, after giving not less than seven days, previous notice by the advertisement in some newspapers circulating in the district in which the office is situated close the Register of Members for any period or periods not exceeding in the aggregate forty-five days in each year but not exceeding thirty days at any one time.

(e) **Reconstruction:**

On any sale of the undertaking of the Company the Board or the liquidators on a winding- up may, if authorized by a Special Resolution, accept fully paid or partly Paid up shares of any other Company, whether incorporated in India or not, either than existing or to be formed for the purchase in whole or in part of the property of the Company and the Board (if the profits of the Company permit) or the liquidators (in winding-up) may distribute such shares or securities or any other property of the Company amongst the Shareholders without realisation, or vest the same in trustees for them and Special Resolution may provide for the distribution or appropriation of the cash shares or other securities benefit or property otherwise then in accordance with the strict legal right, of the contributories of the Company, and for the valuation of any such securities or property at such price and in such manner as the meeting may approve, and waive all rights in relation thereto, save only in case the Company is proposed to be or is in the course of being wound up, such statutory rights (if any) under Section 319 of the Act as are incapable of being varied or excluded by these Articles.

57. **REGISTER OF CHARGES**

The Directors shall cause a proper register to be kept, in accordance with the applicable provisions of the Act, of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the applicable provisions of the Act in regard to the registration of mortgages and charges therein specified.

58. **CHARGE OF UNCALLED CAPITAL**

Where any uncalled capital of the Company is charged as security or other security is created on such uncalled capital, the Directors may authorize, subject to the applicable provisions of the Act and these Articles, making calls on the Shareholders in respect of such uncalled capital in trust for the person in whose favour such charge is executed.

59. **DISTRIBUTION OF ASSETS IN SPECIE OR KIND UPON WINDING UP**

(a) 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 shareholders, 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.

(b) 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 Shareholders or different classes of Shareholders.

60. **AMENDMENT TO MEMORANDUM AND ARTICLES OF ASSOCIATION**

(a) The Shareholders shall vote for all the Equity Shares owned or held on record by such Shareholders at any Annual or Extraordinary General Meeting of the Company in accordance with these Articles.

(b) The Shareholders shall not pass any resolution or take any decision which is contrary to any of the terms of these Articles.

(c) The Articles of the Company shall be amended only by way of a Special Resolution.

61. **POWER OF THE DIRECTORS**

Subject to the Section 179 of the Act hereof, the directors shall have the right to delegate any of their powers to such managers, agents or other persons as they may deem fit and may at their own discretion revoke such powers.

The directors shall have powers for the engagement and dismissal of managers, engineers, clerks, workers and assistants and shall have power of general direction, management and superintendence of the business of the Company with full powers to do all such acts, matters and things deemed necessary, proper or expedient for carrying on the business of the Company, and to make and sign all such contracts and to draw and accept on behalf of the Company all such bills of exchanges, hundies, cheques, drafts and other government papers and instruments that shall be necessary, proper or expedient, except only such of them as by the Act or by these presents are expressly directed to be exercised by shareholders in the general meeting.

62. **SECRECY**

Without prejudice to the rights of the Investors and the Investor directors, every manager, auditor, trustee, member of a committee, officer, servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Board, before entering upon the duties, sign a declaration pledging himself to observe strict secrecy respecting all bonafide transactions of the Company with its customers and the state of account with individuals and in matters relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when require to do so by the Directors or by any General Meeting or by the law of the country and except so far as may be necessary in order to comply with any of the provision in these presents and the provisions of the Act. Nothing herein contained shall affect the powers of the Central Government or any officer appointed by the government to require or to hold an investigation into the Company's affair.

63. **OPERATION OF BANK ACCOUNTS**

The Board shall have the power to open bank accounts, to sign cheques on behalf of the Company and operate all banking accounts of the Company and to receive payments, make endorsements, draw and accept negotiable instruments, hundies and bills or may authorize any other person to exercise such powers.

64. **INDEMNITY**

Subject to provisions of Section 197 of the Act, the Chairman, Directors, Auditors, Managing Directors and other officer for the time being of the Company and any trustees for the time being acting in relation to any of the affairs of the Company and their heirs and executors, shall be indemnified out of the assets and funds of the Company from or against all bonafide suits, proceedings, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done or about the execution of their duties in their respective offices except those done through their wilful neglects or defaults of any other officer or trustee.

65. **THE SEAL**

(i) The Board shall provide for the safe custody of the seal of the Company.

(ii) The seal of the Company shall not be affixed to any instrument except by the authority of resolution of the Board or a Committee of the Board authorised by it in that behalf and except in the presence of at least two Directors and of the Secretary or such other person as the Board may appoint for the purpose; and those two Directors and the Secretary or other aforesaid person shall sign every instrument to which the Seal of the Company is so affixed in his presence. The share certificate will, however, be signed and sealed in accordance with the Act and the Companies (Share Capital and Debenture) Rules, 2014. Provided nevertheless that any instrument bearing the Seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any regularity touching the authority of the Board to issue the same.

66. **BUYBACK OF SHARES**

Subject to the provisions of Sections 68, 69 and 70 of the Act and subject to requirement of applicable buy-back regulations/rules made by central government / SEBI in this regard as may be modified from time to time, the Company may purchase its own Equity Shares or other Securities.

67. **CANCELLATION OF FORFEITED SHARES**

The Company may, by a resolution of the Board, decide not to reissue any forfeited shares in the Company. In such a case, the Board may cancel the forfeited shares, with or without canceling them from the authorised share capital, and transfer the amount received on such shares to appropriate account head. In case the Company decides to diminish the amount of Company's share capital by the nominal value of forfeited shares cancelled, it shall be done in accordance with the provisions of the Act as applicable.

68. **CAPITALISATION OF PROFITS**

(i) The Company in general meeting may, upon the recommendation of the Board, resolve—

(a) that it is desirable to capitalise 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

(b) that such sum be accordingly set free for distribution in the manner specified in Article 68 (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in Article 68 (iii), either in or towards—

(a) paying up any amounts for the time being unpaid on any shares held by such members respectively;

(b) 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;

(c) partly in the way specified in sub-Article (a) and partly in that specified in sub-Article (b);

(iii) A securities premium account and a capital redemption reserve account may, for the purposes of this Article, be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares;

(iv) The Board shall give effect to the resolution passed by the Company in pursuance of this Article.

(v) Whenever such a resolution as aforesaid shall have been passed, the Board shall

(a) 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

(b) generally do all acts and things required to give effect thereto.

(vi) The Board shall have power—

(a) 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 in fractions; and

(b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares 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.

(vii) Any agreement made under such authority shall be effective and binding on such members.

PART B

(Adopted pursuant to a Special Resolution passed at Extra-ordinary General Meeting of the Company held on March 25, 2018 in substitution for and to the exclusion of the existing Articles of Association of the Company).

THE COMPANIES ACT, 2013

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

VARROC ENGINEERING LIMITED

1. The regulations contained in Table ' F' in the First Schedule to the Companies Act, 2013 (hereinafter referred to as Table 'F') shall be applicable to this Company to the extent to which they are not modified, varied or altered by these Articles;

2. Unless the context otherwise requires, words or expression contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force on the date at which these regulations become binding on the Company.

INTERPRETATION & DEFINITIONS

3. In these regulations:-

(a) **"the Act"** means the Companies Act, 2013, as amended from time to time and includes any re-enactment thereof, including all the rules, notifications, clarifications and circulars issued there under;

(b) "**Applicable Laws**" means all applicable:

i. statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, listing agreements, notifications, guidelines or policies of any applicable country and/or jurisdiction (including the countries and jurisdictions in which the Investors, the Company and/or its Subsidiaries are incorporated and/or carry on any business or activities);

ii. administrative interpretation, writ, injunction, directions, directives, judgment, arbitral award, decree, orders or governmental approvals of, or agreements with, any governmental authority or recognised stock exchange; and

iii. international treaties, conventions and protocols, as may be in force from time to time;

(c) "**Approvals**" shall mean any permission, approval, consent, license, order, decree, authorisation, authentication, registration, qualification, designation, declaration or filing with, notification, exemption or ruling to or from any Governmental Authority required under any statute or regulation or otherwise;

(d) "**Articles**" mean the articles of association of the Company, as may be amended from time to time;

(e) "**Board"** or the **"Board of Directors**" means a meeting of the Directors duly called and constituted, or the requisite number of Directors entitled to pass a circular resolution in accordance with these Articles;

(f) "**Big Four Accounting Firms**" shall mean Deloitte Touché Tohmatsu or any of their Indian Affiliates or associates; KPMG or any of their Indian Affiliates or associates; PriceWaterhouse

Coopers or any of their Indian Affiliates or associates; or Ernst & Young or any of their Indian Affiliates or associates;

(g) "**Company" or "this Company**" means VARROC ENGINEERING LIMITED;

(h) "**Consent**" means any notice, consent, approval, authorization, waiver, permit, grant, concession, franchise, concession, agreement, license, certificate, exemption, order, registration declaration, filing, report or notice, of, with or to, as the case may be, any Person;

(i) "**Contracts**" means in relation to the Company, all contracts, agreements, licenses, engagements, leases, financial instruments, purchase orders, commitments and other contractual arrangements;

(j) "**Control**" and its co-related words "Controlled by" or "under common Control with", in relation to any Person, means: (i) the beneficial ownership, directly or indirectly, of more than 50% (fifty per cent) or more of the voting power of such Person; or (ii) the power to elect a majority of the members of the management board (including directors) of such Person; or (iii) the power to otherwise control the policy and/or management of such Person, provided, however, that the Parties agree that the Investors shall not be deemed to be in Control of any Person on account of any affirmative voting rights and/or veto rights;

(k) "**Deed of Adherence**" shall mean the deed of adherence in the form agreed between the Parties;

(l) "**Directors**" means the Directors for the time being of the Company or as the case may be the directors assembled at a meeting of the Board;

(m) "**Effective Date**" shall mean March 27, 2014;

(n) "**Encumbrances**" shall mean (i) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, security interest or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any Person, including without limitation any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Laws, (ii) any voting agreement, interest, option, right of first offer, refusal or transfer restriction in favour of any Person, and (iii) any adverse claim or restriction as to title, possession or use;

(o) "**Equity Securities**" means, the Company's Equity Shares or any options, warrants, convertible preference shares, loans or other securities that are directly or indirectly convertible into, or exercisable or exchangeable for, such equity capital;

(p) "**Equity Shares**" means the equity share of the Company having a face value of Rs. 1 (Rupees ten only) each;

(q) "**Equity Share Capital**" means the issued, subscribed and paid-up equity share capital of the Company;

(r) "**Fair Market Value**" shall be the fair market value determined by one of the Big Four Accounting Firms appointed for this purpose by the Investors;

(s) "**Financial Year**" shall mean the financial year of a company, which commences on April 1 of each calendar year and ends on March 31 of the following calendar year;

(t) "**Fully Diluted Basis**" shall mean that the calculation is to be made assuming that all Equity Securities are converted (or exchanged or exercised) into Equity Shares of the Company (whether or not by their terms then currently convertible, exercisable or exchangeable), including without limitation stock options (including employee stock options), warrants and any outstanding commitments to issue Equity Shares at a future date, whether or not due to the occurrence of an event or otherwise, have been so converted, exercised or exchanged into Equity

Shares of the Company in accordance with the terms of their issuance;

(u) "**Governmental Approval**" means any Consent of, with or to any Governmental Authority;

(v) "**Investors**" means Omega TC Holdings Pte. Ltd. ("**Investor 1**") and Tata Capital Financial Services Limited ("**Investor 2**") which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns);

(w) "**ICDR**" shall mean the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, or any amendment, re-enactment or replacement thereof;

(x) "**Identified Affiliates**" shall mean a parent, spouse or child of any of the Promoters or any entity wholly controlled and wholly owned by the Promoters;

(y) "**India**" shall mean the Republic of India;

(z) "**Indian GAAP**" means the generally accepted accounting principles and standards which are recommended by the Institute of Chartered Accountants of India in the preparation of financial statements and consistently applied;

(aa) "**Investor Nominee Director**" shall mean the Director nominated and appointed by the Investors to the Board;

(bb) "**Investor Securities**" shall mean all Equity Securities held by the Investor;

(cc) "**IPO**" shall means an underwritten initial public offering of Equity Shares completed on or before the IPO Deadline Date which results in the Equity Shares of the Company being listed on the Bombay Stock Exchange, the National Stock Exchange, or any other Recognised Stock Exchange in India or abroad approved by the Investors, the terms of which are specifically approved by the Investors in writing;

(dd) "**Key Management Personnel**" shall mean each of the individuals as set out below and shall include each individual that replaces such individuals from time to time, and/or assumes the roles and responsibilities of such individuals from time to time:

i. Managing Director of the Company – presently the position is occupied by Mr. Tarang Jain;

ii. Chief Financial Officer of the Company - presently the position is occupied by Mr. T. R. Srinivasan;

iii. Chief Operating Officer of the Company - presently the position is vacant;

iv. Head of Strategy of the Company - presently the position is vacant;

v. Business Heads of the Varroc Group, including but not limited to:

- Head of Electrical Division - presently the position is occupied by Mr. Arjun Jain;
- Head of Metallic Division - presently the position is occupied by Mr. Ashwani Maheshwari; and
- Head of Polymers Division - presently the position is occupied by Mr. Neeraj Jain.

(ee) "**Licenses**" means all Consents, licenses, certificates, permits, grants or other authorizations necessary for the conduct of the business and operations of the Company and the Subsidiaries as presently conducted;

(ff) "**Lead Promoter**" shall mean: (i) Tarang Jain, son of Mr. Naresh Chandra and residing at

HALCYON, Gut No.41 (P), Kanchanwadi, Paithan Road, Aurangabad, 431 005, Maharashtra; and (ii) TJ Holdings Trust;

(gg) "**Liquidation Event**" shall mean any of the following (a) the liquidation, winding up or dissolution of the Company, either through a members' or creditors' voluntary winding-up process or a court directed winding-up process; or (b) a transaction which results in acquisition by a third party buyer of the substantial assets or Control of the Company; or (c) a sale of all or substantially all of the assets of the Company and its subsidiaries, or a sale of outstanding stock, such that the Shareholders of the Company prior to any such transaction receive or retain in such transaction 50 % (fifty per cent) or less of the voting power of the surviving corporation following such transaction, or (d) commencement by the Company of any case, proceeding or other action (i) under any bankruptcy, insolvency or similar law seeking to have an order of relief entered with respect to it or seeking to adjudicate it as bankrupt or insolvent, or seeking reorganisation, arrangement, adjustment, winding up, liquidation, dissolution, composition or other relief with respect to it or its debts; or (ii) seeking appointment of a receiver, trustee, custodian or other similar official for it or all or any substantial part of its property; or (e) the Company making a general assignment for the benefit or its creditors; or (f) the Company admitting in writing its inability to pay its debts when they become due;

(hh) "**Material Contract**" means all contracts with the customers of the Company and the Subsidiaries;

(ii) "**Memorandum**" means the memorandum of association of the Company, as amended from time to time;

(jj) "**Parties**" shall mean the Company, the Promoters and the Investors;

(kk) "**Person**" shall mean any natural person, firm, company, Governmental Authority, joint venture, association, partnership, limited liability partnership, society or other entity (whether or not having separate legal personality);

(ll) "**Promoter**" means Mr. Tarang Jain;

(mm) "**Properties**" means the real properties owned or leased by the Company or by the Subsidiaries, as applicable;

(nn) "**Proportionate Shareholding**" shall mean the proportionate shareholding of a Shareholder in the Company, which shall be calculated in accordance with the following formula:

[Shareholder's Equity Securities (calculated on a Fully Diluted Basis) / All Equity Securities in issue (calculated on a Fully Diluted Basis)] x 100 = [•]%

(oo) "**Pro Rata Shareholding**" shall mean the number of Equity Securities held by a Holder of Subscription Shares, multiplied by a fraction, the numerator of which is the number of Equity Securities proposed to be transferred by the Promoter(s) to any other Person and the denominator of which is the total number of Equity Securities held by the Promoters in each case on a Fully Diluted Basis;

(pp) "**RBI**" shall mean the Reserve Bank of India;

(qq) "**Recognised Stock Exchanges**" shall mean BSE Limited and the National Stock Exchange of India Limited;

(rr) "**Related Party**" means, in relation to a company: (i) any shareholder of a company holding 2% (two per cent) or more of the paid up equity share capital of that company, (ii) any Director of a company, (iii) any officer of a company, (iv) any Relative of a shareholder, director or officer of a company, (v) any Person in which any aforesaid shareholder, director or officer of a company has any interest, other than a passive shareholding of less than 5% (five per cent) in a publicly listed company, (vi) any other Affiliate of the company or of a shareholder of a company and/or any associate company as defined under the Act, (vii) a related party within the meaning of any accounting standards;

(ss) "**Relative**" shall have the meaning assigned to in Section 2(77) of the Companies Act, 2013;

(tt) "**Representatives**" shall include in relation to each Party, their directors, officers, managers, partners, members, employees, legal, financial and professional advisors and bankers;

(uu) "**Seal**" means the common seal for the time being of the Company;

(vv) "**SEBI**" shall mean the Securities and Exchange Board of India;

(ww) "**SEBI Regulations**" shall mean all applicable guidelines and regulations issued by SEBI from time to time including the ICDR;

(xx) "**Series A CCPS**" means the Series A compulsorily convertible preference shares of the Company;

(yy) "**Series B CCPS**" means the Series B compulsorily convertible preference shares of the Company;

(zz) "**Series C CCPS**" means the Series C compulsorily convertible preference shares of the Company;

(aaa) "**Shareholder(s)**" means the holder of at least 1 (one) Equity Share or at least 1 (one) Series A CCPS or at least 1 (one) Series B CCPS and/or at least 1 (one) Series C CCPS, in the Company;

(bbb) "**Subscription Shares**" mean all Series A CCPS and all Equity Shares issued to the Investors on the Effective Date, and all Equity Shares that they convert into or which accrue to the originally allotted Subscription Shares;

(ccc) "**Subsidiaries**" shall mean any body corporate, which would be a subsidiary of the Company in accordance with the Act and shall include Varroc Polymers Private Limited, Varroc Lighting Systems (India) Private Limited, Durovalves India Private Limited, VarrocCorp Holding B.V., Varroc European Holding B.V. and Aries Mentor Holding B.V.;

(ddd) "**Transfer**" shall mean to sell, gift, give, assign, transfer, transfer of any interest in trust, mortgage, alienate, hypothecate, pledge, Encumber, grant a security interest in, amalgamate, merge or suffer to exist (whether by operation of law or otherwise) any Encumbrance on, or otherwise dispose of in any manner whatsoever voluntarily or involuntarily;

(eee) words importing the masculine gender also include the feminine gender;

(fff) words importing the singular number also includes the plural number, and vice versa;

(ggg) "**writing**" shall include printing and lithography and any other mode or modes of representing or reproducing words in a visible form;

(hhh) any words or expressions defined in the Act shall expect where incongruous to the subject or context, bear the same meaning in these Articles.

CAPITAL

4. The authorised share capital of the Company shall be such amount as may be specified in the capital clause number V of the Memorandum from time to time.

5. The Company shall have power to increase or reduce its capital from time to time to such amounts as the Company may determine.

6. Subject to these Articles and as may be agreed between the Parties, the shares in the capital of the

Company for the time being may be subdivided or consolidated or divided into different classes with different or preferential rights, privileges or conditions. The Company shall also be entitled to issue shares for consideration other than cash.

ISSUE OF SHARES

7. The Company shall issue shares in physical or dematerialized form and shall dematerialize its shares and to offer shares in a dematerialized form as per the Depositories Act, 1996.

8. **Power to issue Preference Shares**

Subject to the provisions of the Act and these Articles, the Board shall have the power to issue or re-issue preference shares of one or more classes which are liable to be redeemed, or converted to equity shares, on such terms and conditions and in such manner as determined by the Board in accordance with the Act.

9. The Company shall on a request made by a beneficial owner, re-materialize the shares, which are in dematerialized form.

10. Every person subscribing to the shares offered by the Company shall have the option to receive share certificates or to hold the shares with a depository. Such a person who is the beneficial owner of the shares can at any time opt out of a depository, if permitted by the law, in respect of any shares 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 certificate of shares.

11. If a person opts to hold his shares with a depository, the Company shall intimate such depository the details of allotment of the share, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the share.

TRANSFER AND TRANSMISSION OF SHARES

12. **Restrictions on Transfer**:

12.1. Any agreement or arrangement to Transfer any of the Equity Securities, or any Transfer of Equity Securities, other than in the manner (including the manner of procedure of Transfer) set out in Articles 12 and 13 shall be null and void. The Company hereby agrees and confirms that it shall not record any such Transfer or agreement or arrangement to Transfer on its books and shall not recognise or register any equitable or other claim to, or any interest in, Equity Securities which have been transferred in any manner other than as permitted under Articles 12 and 13.

12.2. **Transfer by the Promoters**:

(a) The Lead Promoter will continue to retain Control over the management and operations of the Company, and indirectly retain Control and management over each of the subsidiaries.

(b) The Promoters shall not and shall ensure that their Affiliates do not, Transfer any Equity Securities owned by them, until the conversion of the Series A CCPS, except with the prior written approval of the Investors. Subject to these Articles and as maybe agreed between the Parties, in the event that any Promoter or any of its Affiliates (including the Identified Affiliates) Transfer any of their Equity Securities to any Person (which Transfer shall only be in the manner permitted under these Articles and as maybe agreed between the Parties), the Promoter(s) and/or such Affiliates (including the Identified Affiliates) shall be required to (i) obtain the prior written consent of the Investors for such Transfer, and if such consent is granted, comply with the provisions of Article 13 as applicable, failing which such Transfer shall not be permitted by the Company; and (ii) ensure that such Person shall execute a Deed of Adherence, and the Investors shall acknowledge such Deed of Adherence.

(c) After the conversion of the Series A CCPS, and subject to Article 13 (Tag Along Right) below, the Promoters or any of their Affiliates may Transfer Equity Securities held by them to any Person, provided that such Transferred Equity Securities together with Equity Securities previously transferred, post the Effective Date, by the Promoters or their Affiliates, do not exceed 5% (five per cent) of the Equity Shares Capital. The Promoters, other than the Lead

Promoter, may Transfer any of their Equity Securities to each other, or to an Identified Affiliate, provided that the Promoters shall ensure that such an Identified Affiliate shall execute a Deed of Adherence. It is clarified that the Promoters may transfer any of their Equity Securities to the Lead Promoter. In the event that the beneficial or legal ownership of the Identified Affiliates is directly or indirectly changed in any manner without the prior written consent of the Investors, the Promoters will be required to cause the Transfer of all Equity Securities held by the Identified Affiliates to the Promoters within a period of 30 (thirty) days of such change, failing which the Investors shall be entitled to require the Identified Affiliate(s) to sell, and require the Promoters to cause the Identified Affiliate to sell, all Equity Securities to the Investors or any Person nominated by the Investors at a price not exceeding the minimum price payable for such Equity Securities under Applicable Laws as determined by a chartered accountant appointed by the Investors.

In any event, for such period which is mutually agreed between the Parties, the Promoters shall be required to hold such number of Equity Shares which is required to be maintained by the Promoters and be subject to the mandatory lock-in as applicable to 'Promoters' under the ICDR after the listing of the Equity Shares, in order that the same may be locked in pursuant to the provisions of the ICDR.

12.3. **Transfer by the Investors:**

(a) The Investors and/or their Affiliates shall be entitled to Transfer the Subscription Shares with a written notice to the Board to any Person without any restriction whatsoever other than, except where otherwise agreed between the Parties, to a company whose principal business is to manufacture, sell, distribute and market automotive components in the principal markets in which the Company sells distributes or markets the same automotive component.

(b) Except as expressly provided in these Articles or as agreed between the Parties, none of the Parties shall be entitled to assign its rights and obligations under these Articles to a third party without the prior written consent of all the other Parties. The Investors shall be allowed to assign their rights and obligations under these Articles to their Affiliates provided that such assignee executes a Deed of Adherence.

(c) Subject to Applicable Laws, and as agreed between the Parties, and the execution of confidentiality agreements (as are customary in such transactions), the Promoters and the Company agree and undertake to provide, to the Investors and the relevant third party, all reasonably necessary assistance to enable any Person identified by the Investors, to whom the Investors and/or their affiliates intend to Transfer, all or part of the Subscription Shares, to carry out a due diligence review of the Company and its Subsidiaries as may be required or requested by any such Person.

(d) No restrictions set out in this Article 12.3 would be applicable to the Investors, if the Investors sell the Subscription Shares to the Lead Promoter.

12.4. **Liquidation Preference**

Upon the occurrence of a Liquidation Event, subject to Applicable Laws, the total proceeds from such Liquidation Event remaining after discharging or making provision for discharging the statutory liabilities of the Company ("**Liquidation Proceeds**"), shall be distributed such that, simultaneously and in preference to all other Shareholders of the Company and before any distribution is made upon any shares or otherwise to any other Shareholder of the Company, to the Investors an amount that is higher of (a) its pro rata share of Liquidation Proceeds on a Fully Diluted Basis plus all declared but unpaid dividends or (b) the consideration paid for the Subscription Shares plus any declared but unpaid dividends, shall be paid.

13. **TAG ALONG RIGHT**

13.1. The Equity Securities held by the Promoters shall be subject to the Transfer restrictions as specified under Articles 12 and 13.

13.2. Subject to the terms agreed between the Parties, without prejudice to the Investors' rights under Article

12.1(b) if the Promoters or any of their Affiliates (the "**Selling Shareholder(s)")** are proposing to Transfer any Equity Securities held by them, which together with Equity Securities previously transferred by the Promoters or their Affiliates is in excess of 5 % (five per cent) of the Equity Share Capital ("**Proposed Transfer**"), then the Selling Shareholder(s) shall give a written notice (the "**Offer Notice**") to the Investors with a copy to the Company. The Offer Notice shall state (i) the number and class of Equity Securities the Selling Shareholders then collectively own (on a Fully Diluted Basis); (ii) the number and class of Equity Securities proposed to be Transferred by the Selling Shareholder(s) (the "**Selling Shareholder Sale Shares**"); (iii) the proposed consideration, amount ("**Per Share Consideration**"); and (v) the name and details of the proposed transferee ("**Proposed Transferee**").

13.3. In case of a Proposed Transfer, every holder of Subscription Shares (whether an Investor or subsequent transferees) ("**Holder of Subscription Shares**") will, at their sole discretion and option, have a right, but not an obligation ("**Tag Along Right**") to sell:

(a) at the option of each Holder of Subscription Shares either, the Pro Rata Shareholding or such number of Subscription Shares owned by the relevant Holder of Subscription Shares which is less than the Pro Rata Shareholding; or

(b) at the option of each Holder of Subscription Shares either, all the Subscription Shares owned by the relevant Holder of Subscription Shares or such other number of Subscription Shares which are less than all such Subscription Shares, if the Proportionate Shareholding of the Promoters (collectively) falls below 51% (fifty one per cent) as a result of such Proposed Transfer, to the Proposed Transferee along with the Selling Shareholder, on terms no less favourable than the terms offered to the Selling Shareholder in the manner set out in this Article.

13.4. In the event that any Holder of Subscription Shares elects to exercise the Tag Along Right, they shall through the Investors deliver a written notice of such election to the Selling Shareholder(s) (the "**Tag Along Response")** within a period of 30 (thirty) Business Days from the date of the Offer Notice ("**Offer Period**") specifying the number of Subscription Shares with respect to which an election has been made to exercise the Tag Along Right (the "**Tag Along Shares**"). A copy of the Tag Along Response shall be provided to the Company.

13.5. In the event the Holder of Subscription Shares decide to exercise the Tag Along Right, the Promoter who is the Selling Shareholder or the Affiliate of the Selling Shareholder, shall cause the Proposed Transferee to purchase from the Holder of Subscription Shares, as the case may be, the Tag Along Shares, at the same Per Share Consideration and on the same terms as are mentioned in the Offer Notice, provided that the only representation which the Holder of Subscription Shares, as the case may be, may in this case be required to provide shall be limited to the clear title of the Tag Along Shares.

13.6. Upon exercise of the Tag Along Right, the Selling Shareholder(s) shall not be entitled to sell any of the Selling Shareholder Sale Shares to any Proposed Transferee unless the Proposed Transferee simultaneously purchases and pays for the Tag Along Shares in accordance with the provisions of this Article. If the Holder of Subscription Shares have elected to exercise their Tag Along Rights and the Proposed Transferee fails to purchase the Tag Along Shares from the Investors and/or their Affiliates, the Selling Shareholder(s) shall not make the Proposed Transfer, and if purported to be made, such Transfer shall be void and shall not be binding on the Company and shall be deemed to be a breach of the terms of the Articles and as agreed amongst the Parties.

13.7. The closing of any Transfer of the Selling Shareholder Sale Shares and the Tag Along Shares by the Proposed Transferee shall be held simultaneously, at such time and place as the parties to the transaction may agree. In the event that the purchase of the Selling Shareholder Sale Shares and the Tag Along Shares is not completed within a period of 90 (ninety) days from the date of receipt of the Tag Along Response by the Selling Shareholder(s), the period for completion of the purchase shall be extended only for an additional period necessary to obtain any Approvals required for such purchase and payment. At such closing, the Selling Shareholder and the Holder of Subscription Shares, as the case may be, shall deliver certificates representing the Selling Shareholder Sale Shares and the Tag Along Shares respectively, accompanied by duly executed instruments of transfer, or duly executed transfer instructions to the relevant depository participant. The Proposed Transferee shall deliver at such closing payment in full of the price in respect of the Selling Shareholder Sale Shares and the Tag Along Shares to the Selling Shareholder and the Holder of Subscription Shares, respectively, and shall bear all other costs of such transfer including payment of stamp duty.

13.8. If completion of the sale and transfer to the Proposed Transferee, as set out in these Articles, does not take place within a period of 120 (one hundred and twenty) days (except the time taken by the Investors to obtain requisite approvals required for the transfer) following the delivery of the Offer Notice, the right of the Selling Shareholder(s) to sell the Selling Shareholder Sale Shares to such transferee shall lapse and the provisions of this Article shall once again apply to the Selling Shareholder Sale Shares.

14. **Pre-Emptive Rights and Other Conditions for New Issues of Equity Securities**

14.1. In the event the Company, after acquiring the prior written approval of the Investors, is desirous of issuing any new Equity Securities (including by way of a rights issue or a preferential issue but other than an issue of Equity Shares pursuant to an IPO) ("**Proposed Issuance**") in favour of any Shareholder(s) or any other Person ("**Potential Investor**"), it shall offer such number of Equity Securities to every Holder of Subscription Shares, such that the Proportionate Shareholding of every Holder of Subscription Shares in the Company prior to such transaction is maintained after the completion of such transaction. The Holder of Subscription Shares shall have the right but not the obligation to purchase any or all of the Equity Securities so offered to them (by themselves or through an Affiliate) by communicating such election to the Company through the Investors. In the event that such Equity Securities being issued are not Equity Shares, the Holder of Subscription Shares shall have the right to be issued, at its option, either: (i) an amount of such Equity Securities which are being issued, which would be sufficient to maintain the Proportionate Shareholding of the Holder of Subscription Shares; or (ii) such amount of Equity Shares, which would be sufficient to maintain the Proportionate Shareholding of the Holder of Subscription Shares , assuming conversion (to the maximum extent possible) of the Equity Securities being issued.

14.2. For this purpose, the Company shall deliver to the Investors a written notice of the Proposed Issuance setting forth: (i) the number, type and terms of the Equity Securities to be issued, and (ii) the consideration payable to the Company in connection with the Proposed Issuance, which price per Equity Security shall be the same as that accepted by the Potential Investor ("**Issuance Price**"), and (iii) other than in the case of a rights issue, the name(s) of the Potential Investor(s), at least 21(twenty one) Business Days prior to the date on which the Company takes a decision in relation to the Proposed Issuance in its Board Meeting.

14.3. In the event the Holder of Subscription Shares elect to exercise their rights under the Article 14.1 the Investors shall within 15 (fifteen) Business Days following delivery of the notice referred to in Article 14.2, give written notice to the Company specifying the number of Equity Securities to be subscribed to by the Holder of Subscription Shares; and (ii) on such date as is proposed for the consummation of the Proposed Issuance (which shall not be earlier than 30 (thirty) days from the issuance of the notice under this Article 14.3), Holder of Subscription Shares shall settle the payment of the consideration to the Company simultaneously with the issuance of such number of Equity Securities as are being subscribed to by the Holder of Subscription Shares, which shall be determined based on the principles set forth in this Article; provided that the Potential Investors also simultaneously settles the entire payment for the Equity Securities being purchased by it. The said 30 (thirty) days' period shall be extended for an additional period necessary to obtain any Approvals required for such purchase and payment by the Holder of Subscription Shares ("**Extended Period**").

14.4. Except as otherwise provided in this Article 14.4, failure by the Investors to either (a) give such notice within the 15 (fifteen) Business Days' period referred to in Article 14.3 (i) above; or (b) failure by the Holder of Subscription Shares to settle the payment of such consideration to the Company within time period mentioned under Article 14.3 (ii) above (subject to the Extended Period, if applicable), as the case may be, shall be deemed a waiver by the Holder of Subscription Shares of their right to be issued further Equity Securities under this Article with respect to such Proposed Issuance. If the Investors fail to give the notice required under this Article solely because of the Company's failure to comply with the notice provisions of Article 14.2, then the Company shall not issue Equity Securities to the Potential Investor pursuant to this Article 14 and if purported to be issued, such issuance of Equity Securities shall be void.

14.5. The Proposed Issuance shall be completed so that the Equity Securities are allotted to the Holder of Subscription Shares and the Potential Investor simultaneously and the Proposed Issuance is completed no later than 120 (one hundred and twenty) days from the issuance of the notice under Article 14.2, failing which the right of the Company to make the Proposed Issuance shall lapse and the provisions of this

Article 14 shall once again apply to such Proposed Issuance.

14.6. In any event, the Company shall not issue any Equity Securities (including any Equity Shares) of any type or class to any Person unless the Company has offered and if applicable issued, the Equity Securities to the Holder of Subscription Shares in accordance with the provisions of this Article.

14.7. The Parties hereby agree that, notwithstanding the above, there exists no commitment by the Investors and/or their Affiliates to further capitalise the Company or provide finance to the Company in the form, inter alia, of guarantees or loans.

14.8. **Anti-Dilution Rights:**

Subject to Applicable Laws and the other terms of these Articles and as agreed between the Parties, if at any time after any of the consideration for the Subscription Shares is invested in the Company by the Investors, the Company desires to issue any Equity Shares (other than for primary issuance to the public as part of the IPO) to a third party at a price (such new price referred to as the "**New Issue Price**") which is lower than the price at which the Subscription Shares are converted by the Investors, the Investors shall be entitled to subscribe to and the Company covenants that upon exercise of such an option by such Investor, it shall cause a pro-rata issue of such number of additional Securities ("**Additional Securities**") to that Investor or adjust the conversion ratio of the relevant Subscription Shares on broad based weighted average basis, which will result in the effective acquisition price per Equity Share held by the Investors after conversion of the Subscription Shares, post such issuance being equivalent to the New Issue Price. In such an event, the Company shall and the Lead Promoter shall cause the Company to forthwith take all necessary steps, subject to Applicable Laws, to give effect to the provisions of this Article. Further, anti-dilution protection shall also be available to the Investors in case of corporate actions by the Company such as stock split, consolidation, and the like. Provided however, on account of any restrictions under the Applicable Laws, if the Equity Shares cannot be issued at a price which will result in the effective price per security held by the Investors post such issuance being equal to New Issue Price, then the Lead Promoter and Company shall take such actions as may be required by the Investors to ensure that Additional Shares are issued at such a price that the effective price per Equity Share held by the Investors after conversion of the Subscription Shares, post such issuance is equivalent to the New Issue Price, including by issuing such Additional Shares to a nominee of the Investors.

14.9. **Rights of Investors on Conversion to public limited company:**

In the event that the Company converts to a public limited company, then the Investors shall, to the extent permitted by Applicable Laws, continue to have the rights provided to them under the Articles in their present form. Prior to the conversion of the Company into a public limited company, or in the event of any change of Applicable Laws which prejudicially alters any of the rights available to the Investors, the Shareholders shall be obliged to ensure that the rights available to the Investors under the Articles in their present form are contractually maintained in order to ensure that the Investors are not in a less favourable position after such change of circumstances.

CORPORATE GOVERNANCE

15. **General:**

(a) Each of the Promoters shall exercise and shall ensure that its Affiliates exercise their votes at any annual or extraordinary meeting of the Shareholders (a "**Shareholders Meeting**"), and shall take all other actions necessary, including by way of voting in the same manner as the Investors, to give effect to the provisions of the Articles and any other terms agreed between the Parties.

(b) Each of the Promoters shall cause their nominees on the Board to exercise his voting rights in any Board meetings (a "**Board Meeting**") in conformity with the specific terms and provisions of these Articles and as may be agreed between the Parties, and the Promoters confirm that the principles set forth in these Articles.

16. **IPO AND OTHER EXIT OPTIONS**

(a) The Lead Promoter and the Company undertake to provide to the Investors an exit option in the manner set out in this Article 16.

(b) The Company shall, and the Lead Promoter undertake to cause the Company to, undertake an IPO, in accordance with the provisions of this Article 16 (b), on or before September 30, 2018 ("**IPO Deadline Date**") in accordance with Applicable Laws and all applicable guidelines and regulations issued by SEBI from time to time ("**SEBI Regulations**"). The Lead Promoter and the Company (on a best-efforts basis) shall undertake all necessary steps to ensure that the IPO process shall be initiated by March 31, 2017.

(c) Subject to Applicable Laws, the Investors shall have an obligation to offer, half of the Equity Shares then held by the Investors. The Lead Promoter and the Company shall take all necessary steps to ensure that such Equity Shares are offered for sale in the IPO. The Investors shall have an obligation to convert such number of Equity Securities, owned by the Investors, into Equity Shares as required under the Applicable Law for offering the same as part of the IPO in accordance with the terms of these Articles or as recommended in writing by the merchant banker, appointed for the IPO in accordance with these Articles, for successful completion of the IPO considering the guidelines and views of SEBI in this regard.

17. **IPO Related Obligations**

(a) The Lead Promoter and the Company shall, in good faith and with due care and diligence, do all things necessary or advisable to facilitate, support and conduct the IPO, on a best effort basis, on or before the IPO Deadline Date in the manner set out in this Article and ("**IPO Performance Obligations**") stated below

(b) The IPO Performance Obligations shall include the following:

(i) On or before March 31, 2017, the Company shall, and the Lead Promoter shall have caused the Company to constitute an IPO committee. The IPO committee shall be constituted by such number of Directors as the Board deems fit, provided that the Investor Nominee Director shall necessarily be one of the members of the IPO committee ("**IPO Committee**"). The Lead Promoter shall cause the Company and the Board to nominate the Investor Nominee Director on the IPO Committee at the time of establishment. All decisions of the IPO Committee will require the affirmative vote or decision of the Investor Nominee Director. A reputed global merchant bank approved by the Investors shall be appointed within 45 (forty five) days of the constitution of the IPO committee. All other intermediaries shall be appointed within 90 (ninety) days of the constitution of the IPO committee (on a best -efforts basis).

(ii) The IPO Committee will have customary terms of reference, including but not limited to terms pertaining to appointment of legal counsel (domestic and international) and determination of the timelines within which the Company will be required to fulfill its obligations in order to complete the IPO on or before the IPO Deadline Date.

(iii) The Lead Promoter and the Company shall, subject to confirmation thereof being provided by the IPO Committee, engage a reputed global merchant bank approved by the Investors, to conduct the IPO and act as the book running lead manager/one of the book running lead managers to the IPO ("**IPO Lead Advisor**"). Thereafter, the IPO shall be conducted in accordance with the advice of the IPO Lead Advisor and under its general supervision. Immediately upon appointment of the IPO Lead Advisor, the Lead Promoter and the Company shall, with the prior written consent of the Investors and in consultation with the IPO Lead Advisor, retain one or more internationally reputed investment bank(s) and syndicate bank/underwriter(s) to advise the Company with respect to and/or to underwrite the IPO.

(iv) The Company shall start preparation of draft red herring prospectus based on inputs from IPO Committee, which shall contain all requisite information as may be ascertained as relevant for purposes of disclosure by the IPO Lead Advisor, the merchant bankers and other intermediaries, including all requisite responsibility statements from all the Promoters.

(v) The Promotes shall cause the Company to take all such steps, and extend all such co-operation to the IPO Lead Advisor, the syndicate members, underwriters and all other advisors as may be required for the purpose of consummating the IPO before the IPO Deadline Date including for the (i) preparation and signing of the relevant offer documents by the relevant Persons; (ii) conducting road shows with adequate participation of senior management; (iii) entering into appropriate and necessary agreements; (iv) providing all necessary information and documents necessary to prepare the offer documents; (v) preparation of all necessary marketing material and documents to position the Company appropriately for the IPO; (vi) complying with SEBI Regulations; (vii) filing with appropriate regulatory authorities; and (viii) obtaining any necessary regulatory or other approvals in relation to the IPO. For the foregoing purposes, the Company shall, and the Lead Promoter shall cause the Company, to provide and depute all necessary resources and personnel (including senior management personnel) to ensure compliance of the said obligations.

(vi) In addition to the obligations above, the following obligations shall also constitute IPO Performance Obligations and the Lead Promoter shall, and shall cause the Company to, undertake the following actions:

(vii) passing of all necessary resolutions by the Board, Shareholders' resolutions and all other Company filings, to authorise, approve and support the IPO to ensure that the same is consummated before the IPO Deadline Date and in respect of the additional actions set out in Article 17(b);

- satisfying the minimum promoter's contribution requirement for the IPO and contributing any Equity Shares required from the other Promoters;

- carrying out all necessary corporate actions that may be necessary or advisable under SEBI Regulations or any other Applicable Laws;

- ensuring that the Promoters have sufficient Equity Securities free and clear of all Encumbrances (and excluding any Equity Shares required to satisfy the minimum promoter's contribution requirement for the IPO) to satisfy any lock-in requirements applicable to the Promoters pursuant to any Applicable Laws;

- taking all necessary steps and actions to ensure that the Company is eligible and in a position to undertake and successfully complete the IPO on or before the IPO Deadline Date.

(c) Without prejudice to the generality of the provisions of this Article, the Lead Promoter and the Company agree that the specific obligations of the Company and the Lead Promoter for completion of the IPO on or before the IPO Date as contained in "**IPO Performance Obligations**" shall be complied with by the Company and Lead Promoter, within the respective timelines specified therein.

(d) No member of the Investors or their Affiliates that hold any Equity Securities shall, under any circumstances, be referred to or otherwise considered as a 'promoter' of the Company (including, for the avoidance of doubt, a part of the 'promoter group') in connection with any IPO or any documents filed in connection therewith. Nothing in this Article shall require any member of the Investors or their Affiliates to do or omit to do anything that may result in any of them becoming a 'promoter', or being deemed to constitute a 'promoter' of the Company, or a part of the 'promoter group' in terms of SEBI Regulations. The Company and the Lead Promoters agree not to classify or name any member of the Investors or their affiliate as a 'promoter' of the Company or a part of the 'promoter group' and subject to Applicable Laws, the Equity Securities held by them shall not be subject to any lock-in requirements applicable to a 'promoter' or any member of the 'promoter group' under SEBI Regulations (including without limitation the ICDR. Further, the Investors and their Affiliates shall not be required to provide any information in connection with any IPO other than in relation to the Equity Shares being offered for sale by the Investors or the minimum information required to be provided by the Investors in their capacity as a Shareholder for inclusion into the IPO prospectus. The Investors shall provide all co-operation and information as may be reasonably required pursuant to Applicable Laws for the purpose of successfully undertaking and completing the IPO.

(e) Representations from the Investors in the IPO will be as agreed between the Parties and the underwriters at the time of execution of underwriting agreement.

(f) Other than listing fees, which will be borne by the Company, all costs, fees and expenses with respect to the Offer will be shared between the Investor 1, Investor 2 and the Mr. Tarang Jain (the "**Selling Shareholder**s"), in proportion to their respective Offered Shares sold pursuant to the Offer, upon successful completion of the Offer, subject to applicable law. Upon the successful completion of the Offer, each of the Selling Shareholders agree that they shall severally and not jointly reimburse the Company, on a pro-rata basis, in proportion to their respective Offered Shares sold pursuant to the Offer, for any expenses (other than listing fees) incurred by the Company on behalf of the Selling Shareholders. It is hereby clarified that in the event that the Offer is not successfully completed, all the expenses will be borne by the Company.

(g) The Company and the Lead Promoter shall ensure that all documents relating to the IPO, including, without limitation, any prospectus and other submissions to the applicable regulatory authorities and governmental agencies are made available to the Investors (and counsel to the Investors) for its review and comment and shall incorporate any comments received from the Investors within such time limit as the Company may reasonably require, prior to submission to any authorities or agencies.

(h) If, following the undertaking of an IPO, the Investors have suffered Loss, arising out of, related to, based on or in connection with: (i) any untrue statement of a material fact contained in any prospectus, offering circular, or other offering document relating to an IPO (except to the extent that any such statement or material fact is in relation to the Investors, and has been provided by the Investors); (ii) any failure to state a material fact necessary to make the statements therein not misleading; and (iii) any violation of Applicable Laws by the Company or a Promoter (including but not limited to the SEBI Regulations), the Company agrees to indemnify and hold harmless the Investors and any of their Affiliates, and each of their officers, directors and employees, from and against any loss, claim or liability (and any actions, proceedings or settlements in respect thereof) to the full extent of such Loss.

(i) Notwithstanding any amendment made to these Articles or the Memorandum of the Company for the purposes of facilitating the IPO, which are approved by the Investors, the Parties agree that any terms agreed amongst the Parties will continue to apply to them till listing of the Equity Shares pursuant to the IPO.

(j) If an IPO is not completed on or before the IPO Deadline Date in compliance with the provisions of Article 17, then notwithstanding anything to the contrary contained in these Articles or elsewhere the Investors shall have the right, exercisable at its sole discretion but not the obligation, to sell some or all of the Equity Securities held by the Investors to one or more Persons ("**Third Party Acquirer**"), together with an assignment of some or all rights and obligations of the Investors as agreed between the Parties.

(k) The Company and the Lead Promoter undertake to promptly provide all assistance, cooperation, information and access that may be requested by the Investors or the Third Party Acquirer in connection with a sale of the Equity Shares by the Investors to a Third Party Acquirer.

(l) In the event the IPO is not completed by the IPO Deadline Date, the Lead Promoter and the Company undertake to fulfil their obligations set out under Article 18.

18. **Company Buy Back**

(a) The Company shall, and the Lead Promoter shall cause the Company to, undertake and complete a buy back of the Equity Securities owned by the Investors at a price equal to their Fair Market Value ("**Buy Back Price**"), and for such number of Equity Securities as will enable the Investors to sell all Equity Securities owned by the Investors in such a buy back process, within a period of 3 (three) months ("**Buy Back Period**") from the date of notification ("**Buy Back Notice**") by the Investors of their decision to avail of this option under this Article ("**Company Buy Back**").

(b) The Investors shall have the right to serve the Buy Back Notice to the Company at any time between October 1, 2018 and June 30, 2019.

(c) The Lead Promoter and the Company undertake to procure any regulatory approvals, and to undertake all other actions that may be required to complete the Company Buy Back at the Fair Market Value, including infusing fresh capital in the Company.

(d) The Promoters undertake to not offer, and cause its Affiliates to not offer, any Equity Securities owned by them in the Company Buy Back.

(e) The Buy Back Notice shall contain the Fair Market Value of the Equity Securities being offered for the Company Buy Back, as calculated by one of the Big Four Accounting Firms appointed by the Investors for this purpose.

(f) At the completion of the Company Buy Back, the Company shall and the Lead Promoter shall cause the Company to, pay in full the Buy Back Price to the Investors or their Affiliate, as relevant, for each Equity Security offered for the Company Buy Back and the Investors and their Affiliates shall transfer the relevant Equity Securities to the Company in relation to which they receive payment of the Buy Back Price.

(g) All costs in relation to the Company Buy Back, including stamp duty, shall be borne by the Company.

(h) The Company is hereby authorised to undertake a buy back of its securities and shares in terms of these Articles.

(i) If the Investors and their Affiliates are not able to sell all Equity Securities owned by them in the Company Buy Back within the Buy Back Period, the Investors shall be entitled to exercise the Investor Sale Option in relation to such unsold Equity Securities and the procedure under Article 19 shall apply in relation to the same.

19. **Investor's Sale Rights**

(a) If the Investors and their Affiliates are not able to sell all Equity Securities owned by them in the Company, Buy Back within the Buy Back Period in accordance with Article 18 ("**Company Buy Back**") above, the Lead Promoter shall purchase all Equity Securities owned by the Investors or their Affiliates and offered by the Investors or their Affiliates for sale under this Article at a price equal to the Fair Market Value ("**Investor Sale Price**"), within a period of 3 (three) months from the date of notification ("**Investor Sale Notice**") by the Investors of their decision to avail of this option under this Article ("**Investor Sale Option**").

(b) The Lead Promoter and the Company undertake to procure any regulatory approvals that may be required to complete the Investor Sale Option at the Fair Market Value.

(c) The Investor Sale Notice shall contain the Fair Market Value of the Equity Securities being offered for the Investor Sale Option, as calculated by one of the Big Four Accounting Firms appointed by the Investors for this purpose.

(d) At the completion of the Investor Sale Option, the Lead Promoter shall pay in full the Investor Sale Price to the Investors or their Affiliate, as relevant, for each Equity Security offered for the Investor Sale Option and the Investors and their Affiliates shall transfer the relevant Equity Securities to the Lead Promoter in relation to which they receive payment of the Investor Sale Price.

(e) All costs in relation to the Investor Sale Option, including stamp duty, shall be borne by the Lead Promoter.

20. **Right of First Refusal**

(a) Subject to the terms of these Articles and as otherwise agreed amongst the Parties, if an IPO has not been completed by September 30, 2018 and the Investors are proposing to sell to a person whose principal business is to manufacture, sell, distribute or market automotive components like electronics and electricals, vehicle lighting, polymers, engine valves, catalytic convertor and forgings components, in the principal markets in which the Company sells distributes or markets the same automotive component ("**Competitor**"), any Equity Securities held by the Investors ("**Investor Proposed Transfer**"), then the Investors shall give a written notice ("**Investor Offer Notice**") to the Lead Promoter with a copy to the Company. The Investor Offer Notice shall state (i) the number and class of Equity Securities the Investors then own (on a Fully Diluted Basis); (ii) the number and class of Equity Securities proposed to be Transferred by the Investors (the "**Investor Sale Shares**"); (iii) the proposed consideration, amount ("**Investor Per Share Consideration**"); and (v) the name and details of the proposed transferee ("**Investor Proposed Transferee**").

(b) Subject to Article 20 (a) above, upon receipt of an Investor Offer Notice, the Lead Promoter shall have the right for a period of 15 (fifteen) days only from the issue of the Investor Offer Notice, but not the obligation, to purchase by themselves all of the Investor Sale Shares ("**ROFR Shares**"), at a consideration for each Investor Sale Share which is equivalent to the Investor Per Share Consideration ("**Right of First Refusal**"). The Right of First Refusal must be exercised by the Lead Promoter within a period of 30 (thirty) days of the receipt of the Investor Offer Notice ("**ROFR Offer Period**"), by written notice to the Investors of their decision to exercise the Right of First Refusal ("**ROFR Response**"), failing which the Right of First Refusal shall forthwith lapse. A copy of the ROFR Response shall also be sent to the Company.

(c) In the event that a ROFR Response is issued by the Lead Promoter, the Investors shall be obligated to sell and Transfer the ROFR Shares and the Lead Promoter shall be obliged to buy the ROFR Shares as are mentioned in the ROFR Response, on the same terms and conditions and for the same consideration as is specified in the Investor Offer Notice, within a period of 60 (sixty) days following the expiry of the ROFR Offer Period ("**Transfer Period**").

(d) If completion of the sale and Transfer to the Lead Promoter does not take place within the Transfer Period or if the Right of First Refusal is not exercised within the Offer Period, then the Investors shall be entitled to sell the Investor Sale Shares to any Person, including a Competitor, following the expiry of the Offer Period

21. **Visitation and Inspection Rights**:

Except as agreed between the Parties, the Company shall and the Lead Promoter shall cause the Company to allow the Investors and their Representatives the right during normal business hours to inspect books and accounting records of the Company and its Subsidiaries, to make extracts and copies therefrom at its own expense and to have full access to all of the property and assets of the Company and its Subsidiaries, subject to the Investors giving reasonable prior notice to the Company of the same.

22. **Books and Records:**

The Company shall, and the Lead Promoter shall cause the Company to, keep proper, complete and accurate books of account in rupees in accordance with Indian accounting standards.

23. **Estimated Corporate Tax**

The Company shall, no later than March 15 of every Financial Year, issue to the Investors the estimated corporate taxes payable for the relevant Financial Year together with the computation details for reaching the estimate.

24. **Information and Reports:**

(a) Except as agreed between the Parties, the Company shall, and the Lead Promoter shall cause the Company to, provide to the Investors the following information and reports:

(i) Rolling 3 (three) year Business Plan at the beginning of each Financial Year;

(ii) All meeting agenda papers and minutes of meetings of the directors and Shareholders of the Company and its Subsidiaries;

(iii) quarterly financial statements within 30 (thirty) days of the end of the relevant quarter, and annual audited financial statements within 90 (ninety) days of the end of the relevant financial year which shall have been audited by an independent chartered accountant of nationally recognized standing, satisfactory to the Investors;

(iv) monthly financial statements of the Company, within 30 (thirty) days of the month-end;

(v) quarterly information on the ownership details relating to (a) changes in their ownership in the Company, the Material Entities and the Identified Affiliates; and (b) information relating to changes in the direct or indirect ownership in any holding companies of the Lead Promoter which may be holding shares in the Company subject to the provisions of this Article;

(vi) a quarterly compliance report certified by the chief financial officer of the Company;

(vii) annual budget of the Company, within a reasonable time prior to the commencement of the relevant Financial Year in relation to which such annual budget is being adopted;

(viii) management information system reports setting out a monthly assessment of the Business, in the form to be agreed by the Company and the Investors post-Closing within 30 (thirty) days of the month-end

(ix) any material information relating to the Company and its Affiliates, including resignation of any of the Directors and Key Managerial Personnel, within a maximum period of 7 (seven) days thereof; and

(x) such other information reasonably requested by the Investors or the Investor Nominee Director.

25. **Directors' Insurance:**

The Company shall maintain adequate Directors' liability insurance policy in favour of the Investor Nominee Director from a reputable insurance company in respect of claims or liabilities resulting from the actions or omissions of the Investor Nominee Directors as a director of the Company for an adequate amount as may be determined by the Board and approved by the Investors.

26. **Intellectual Property Protection**:

The Company shall take all steps promptly to protect its Intellectual Property rights, including without limitation registering all its trademarks, brand names and copyrights. The Company and the Lead Promoter shall cause the employees, officers and the Directors of the Company to enter into such agreements or undertakings from time to time for protecting its Intellectual Property rights, as may be reasonably requested by the Investors, within such time period as may be requested by the Investors and in any event no later than 60 (Sixty) days from the request by the Investors.

27. **Related Party Transactions**:

The Lead Promoter and the Company hereby agree and undertake that all agreements and arrangements with the Company and any of the Related Parties shall be entered into on an arm's length basis.

SHAREHOLDERS MEETING:

28. **Quorum**: Subject to the provisions of the Act, 5 (five) Shareholders shall constitute quorum for the purposes of Shareholders Meetings of the Company, which shall include at least 1 (one) representative of the Investors (the "Investor Attendee") and at least 1 (one) representative of the Promoters (the "Promoter Attendee"). In the event that the requisite quorum is not present, the Shareholders Meeting shall be adjourned to the same day, place and time of the following week, and the quorum requirements at such Shareholders Meeting shall be in accordance with Applicable Laws, provided that if at the adjourned meeting the Investor Attendee is not present, no Affirmative Vote Item shall be considered at

such Shareholders Meeting.

29. **Notice**: A minimum 21 (twenty one) days' prior written notice shall be given to all the Shareholders (including to the Investors) of any Shareholders Meeting, accompanied by the agenda for such meeting, unless the requisite majority of the Shareholders as required under the Act (which shall at all times include the Investors) have given written approval for a meeting called at shorter notice.

30. **Electronic Participation**: The Shareholders may participate and vote in Shareholders Meetings by video conferencing or any other means of contemporaneous communication, in the manner permitted under Applicable Laws and by the Ministry of Corporate Affairs from time to time. Notwithstanding the aforesaid, it is clarified that in relation to any Affirmative Vote Item, the written confirmation of the Investors approving the proposal with respect to the Affirmative Vote Item shall always be required.

31. **Decision on Affirmative Vote Items:**

(i) **Decision at the Board Meeting**: Subject to any additional requirements imposed by the Act and notwithstanding anything to the contrary contained in these Articles, the Promoters and the Company agree that neither the Company nor any Shareholder, Director, officer, committee, committee member, employee, agent or any of their respective delegates shall, without the affirmative written consent or written approval of the Investors or of the Investor Nominee Director obtained at a validly convened Board Meeting, committee meeting or sub-committee meeting, or otherwise, take any of the actions set forth in Article 31 (iii) below (the "**Affirmative Vote Items**"), whether by circular resolution or otherwise. Notwithstanding anything to the contrary contained in this Article, in the event that it is proposed that any Affirmative Vote Item be decided in a Board Meeting, the Investors shall be entitled to require that a Shareholders Meeting be convened for the purposes of deciding such Affirmative Vote Item, and that such Affirmative Vote Item be decided at a Shareholders Meeting, in accordance with the provisions of Article 31(ii) below.

(ii) **Decision at the Shareholders Meeting**: Subject to any additional requirements imposed by the Act and notwithstanding anything contained in this Article, the Promoters agree that neither the Company nor any Shareholder, Director, officer, committee, committee member, employee, agent or any of their respective delegates shall, without the affirmative written consent or written approval of the authorized representative of the Investors obtained at a validly convened Shareholders Meeting, take any of the actions in relation to any Affirmative Vote Items at a Shareholders Meeting.

(iii) The Affirmative Vote Items are as set below:

a. Any issuance, redemption or buy back of Equity Securities (including equity shares, warrants, convertible debt instruments, other convertibles) preference shares or any capital reduction or any changes to the capital structure of the Company or any action which is similar to the aforesaid actions including pursuant to any initial public offering including but not limited to listing or delisting of the Company and/or its Subsidiaries, stock splits, bonus issuances, rights issuances, debt restructuring, changes in class rights, redemptions or refund of share application money and the like, repurchase, redemption, alteration, reorganization or retiring of Equity Securities or instruments linked to Equity Securities, warrants or convertible instruments, employee stock option plans or modification or adoption of any equity option plan;

b. Any amendment to the Memorandum and Articles of Association of the Company and/or those of its Subsidiaries;

c. Any investment in subsidiaries, joint ventures or partnerships or any other form of legal entities or Person or any strategic, financial or other alliance in excess of Rs. 50,00,00,000 (Rupees fifty crores) individually and cumulative in any 12 (twelve) month period, for investment in each such subsidiary, joint venture, partnership or any other form of legal entities or Person or any strategic, financial or other alliance, provided it is not part of a Business Plan approved by the Board after the Effective Date;

d. Any decision with respect to or relating to the IPO;

e. Registration or approval of transfer of shares of the Company and creation of or taking on record any charge or Encumbrance on the shares of the Company, except transfer inter-se between the Promoters, provided the Promoters stake in the Company does not fall below 51% (fifty one per cent) on a Fully Diluted Basis;

f. Approval of, or any material change to, (i) the Company's annual budget for each Financial Year including its capital expenditure or debt plan, and (ii) the Business Plan with a minimum projection of 3 (three) years;

g. Any derivative taken by the Company, its subsidiaries or joint ventures, which is not related to the normal or usual course of business;

h. Increase or decrease in the Company's debt outside the Company's approved annual budget which is in excess of 10% (ten per cent) of the approved debt under the approved annual budget;

i. Creation of Encumbrances over the assets of the Company, other than for the purpose of raising debt in the Ordinary Course of Business of the Company;

j. Entering into any Related Party transactions which is either in excess of Rs. 50,00,00,000 (Rupees fifty crores) or is not in the Ordinary Course of Business, or modification of any existing Related Party transactions;

k. Declaration of dividends (including interim dividends) by the Company in excess of Rs. 5,00,00,000 (Rupees five crores only) or any other distribution by the Company;

l. Any Liquidation Event or any transaction involving merger, demerger/business transfer, acquisition, initial public offering, involving the Company and/or its Subsidiaries or any investment in any other entity/Person other business combination, any change in business scope, amalgamation, consolidation and/or corporate restructuring or reorganization involving the Company and/or its Subsidiaries, any diversification into business areas unrelated to the existing business of the Company, or Transfer of the Company or any of its Subsidiaries or investments or any of their respective material assets, or dissolution, liquidation or voluntary winding up of the Subsidiaries of the Company, or any demerger, divestment, sale of substantial assets or any other form of restructuring of the Company or its Subsidiaries;

m. Commencing or participating in any arbitration or litigation or settlement of any dispute or admission of liabilities on behalf of the Company involving amounts in excess of Rs.20, 00,00,000 (Rupees twenty crores only);

n. Any change to the Financial Year, or in accounting policies or principles or in the accounting year;

o. Any appointment or change in the Company's internal auditors or statutory auditors;

p. Any change in the use of the proceeds from issuance of the Subscription Shares as provided under these Articles;

q. Any change in status of the Company from a private limited company to a public limited company;

r. Any action that alters or changes the rights, privileges or preferences of the Investors and or securities held by the Investors in the Company;

s. Any delegation of any matter requiring the affirmative vote of the Investors and entry into any commitment, agreement or arrangement (oral or written) for the purpose of taking / giving effect to any of the foregoing actions.

32. **Voting Rights**:

The voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company

VARIATION OF MEMBERS' RIGHTS

33. (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 the Act and these Articles, and whether or not the Company is being wound up, be varied with the consent in writing, of such number of the holders of the issued shares of that class, or with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class, as prescribed by the Act.

(b) Provisions of these Articles relating to general meetings shall apply *mutatis mutandis* to the separate meetings of the holders of any class of shares.

34. 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.

35. **Dividends**

Each Equity Share shall be entitled to dividend distributed after preferential dividend on a *pari passu* basis with all Equity Shares.

CAPITALISATION OF PROFITS

36. (1) Subject to the provisions of the Act and these Articles, the Company in General Meeting may, upon the recommendation of the Board, resolve:

a. that it is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution; and

b. that such sum is accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have entitled thereto if distributed by way of dividend and in the same proportion.

(2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in clause (3) either in or towards;

a. paying up any amounts for the time being unpaid on shares held by such members respectively;

b. 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; or

c. partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).

(3) The securities premium account and the capital redemption reserve account or any other permissible reserve account may, for the purposes of this Article, be applied in paying up of unissued shares to be issued to members of the Company as fully paid bonus shares;

37. (1) Whenever such a resolution as aforesaid under Article 36 shall have been passed, the Board shall:

(a) 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

(b) generally do all acts and things required to give affect thereto.

(2) The Board shall have power -

(a) 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 in fractions; and

(b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares 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;

(3) Any agreement made under such authority shall be effective and binding on such members.

BOARD OF DIRECTORS

38. Until otherwise determined by a general meeting the number of Directors shall not be less than two or more than Fifteen.

39. Authority of the Board: Subject to the provisions of these Articles, Shareholders Agreement and the Act, the Board shall be responsible for the management, supervision and direction of the Company.

40. **Current Composition of the Board:**

(a) The Investors shall have the right to nominate and appoint 1 (one) Director to the Board ("**Investor Nominee Director**").

(b) The Investors shall have the right to appoint and replace an observer to the Board, which observer shall be a full time employee of the Investors (or an Affiliate of either Investor) ("**Investor Observer**") to attend the Board meetings and all meetings of all committees and sub-committees of the Board.

(c) The Investor Nominee Director shall be a member to any committee or sub-committees of the Board.

(d) Parties agree that the Investor Nominee Director and the Investor Observer shall be acting in a representative capacity and that the Investor Nominee Director will be considered a non-executive director for all purposes under Applicable Law, and unless delegated specifically, he/she will not have any executive powers or obligations or responsibilities for day to day management of the Company.

(e) **Removal and Replacement of Directors:**

(i) No persons other than the Investors shall be permitted to remove or replace at any time and for any reason the Investor Nominee Director.

(ii) The Investors may require the removal of the Investor Nominee Director, nominate another individual as its nominee Director in his/her place, and the other Shareholders shall exercise their rights to ensure the removal and appointment as aforesaid.

(iii) In the event of the resignation, retirement or vacation of office of any Director nominated by a Shareholder due to any other reason, the relevant Shareholder shall be entitled to appoint another person as a nominee Director in such place, and the other Shareholders shall exercise their rights to ensure the appointment of the individual nominated for appointment as Director as aforesaid.

(iv) Subject to Applicable Laws, the Investor Nominee Director shall not be required to retire by rotation. In the event that the Investor Nominee Director retires by rotation in accordance with the provisions of the Act, the Shareholders shall ensure and perform all acts including the exercise of the voting rights to ensure that such Investor Nominee

Director is reappointed to the Board.

(f) **Director's Access:**

The Company shall provide such information relating to the business affairs and financial position of the Company as any Director (including Investor Nominee Director) may require.

(g) **Alternate Director**:

The Board shall have the power to appoint alternate directors to act in accordance with the Act, provided however that an alternate director appointed in place of an Investor Nominee Director shall be nominated by the Investors.

(h) **Casual Vacancy**

Except in the case of the Investor Nominee Director if the office of any Director appointed by the Company in general meeting is vacated before his term of office will expire in normal course, the resulting casual vacancy shall be filled by the Board of directors at a meeting of the Board. Any person so appointed shall hold office only upto the date upto which the director in whose place he is appointed would have held office if it had not been so vacated.

(i) **Additional Director**

The Board of directors shall have power at any time and from time to time appoint a person as an additional Director. The Additional Director shall hold office only upto date of next following Annual General Meeting of the Company or the last date on which the Annual General Meeting should have been held, whichever is earlier, but shall be eligible for re-election.

BOARD MEETINGS:

41. **Frequency and Location**:

(a) The Board will meet not less than once every calendar quarter in Mumbai or any other location as agreed in the previous Board meeting, or such other location as may be approved by the Investor Nominee Director in writing at least 30 (thirty) days prior to the relevant Board meeting.

(b) Meetings of the Board of the Company shall be held by giving at least 15 (fifteen) days' notice in advance to the Directors of the Company or such shorter notice as a majority of Directors (which must include the Investor Nominee Director) may agree to in writing.

42. **Quorum:**

(a) Subject to the terms set out in this Article and the provisions of the Act, 1/3 of total number of directors or (two) Directors, whichever is higher, would constitute a quorum in Board Meetings of the Company, of which at all times at least 1 (one) would be an Investor Nominee Director. In the event the Investor Nominee Director is unable to attend the scheduled Board Meeting in person, such Board Meeting may, subject to Applicable Laws, be held by audio or video conferencing, and all the conditions set out herein shall equally apply to the meetings so held.

(b) In the event the Investor Nominee Director is unable to be present in such Board Meeting even though the Company has facilitated electronic participation then the Board can proceed with the Board Meeting and its agenda subject to there being a valid quorum as per the provisions of the Act. However, if any matter to be discussed in such Board Meeting includes an Affirmative Vote Item, then the Board Meeting may proceed with any of the following three options provided such option has been approved by the Investor Nominee Director in writing:

- re-convene the Board Meeting, or

- adjourn the Board Meeting at the same place and time at least 15 (fifteen) days later on a Business Day to consider such Affirmative Vote Item, or

- pass the relevant resolution by way of circulation in accordance with Article 47 below.

(c) If at the adjourned meeting the Investor Nominee Director is not present, the Directors present at such meeting shall be deemed to be the valid quorum and the Board Meeting shall continue and proceed with the agenda, other than the consideration of any Affirmative Vote Item. It is clarified that the Company or the Board shall not, in any circumstances, take any decision in relation to any Affirmative Vote Item without the prior written consent of the Investors, or, as the case may be, the affirmative vote of the Investor Nominee Director in a meeting of the Board or the Shareholders.

Subject to Applicable Laws, the provisions of these Articles shall apply equally to meetings of any committee constituted for any purpose relating to the Company.

43. **Notice:**

A meeting of the Board may be called by the Chairman of the Board giving notice in writing to the company secretary, or any other Person nominated in this regard by the Board, specifying the date, time and agenda for such meeting. The company secretary (or such nominated person) shall upon receipt of such notice give a copy of such notice to all Directors of such meeting, accompanied by a written agenda specifying the business of such meeting and copies of all papers relevant for such meeting. The Company shall ensure that sufficient information is included with such notice to the Directors to enable each Director to make a decision on the issue in question at such meeting. Not less than a minimum 15 (fifteen) days' prior written notice shall be given to each Director (including the Investor Nominee Directors) of any Board Meeting, and the agenda for such Board meeting shall be circulated to the Directors minimum 7 (seven) days prior to such Board Meeting (unless the Investor Nominee Director shall have given written approval for a meeting called at shorter notice). The quorum for the Board Meeting shall be in accordance with Article 42 herein above.

44. **Voting**:

At any Board Meeting, each Director may exercise 1 (one) vote. The matters shall be decided in the manner set out in this Article. The Board shall not be entitled to take up any matter not disclosed in the agenda for such meeting. The Investors shall be entitled to write to the Board with respect to any Affirmative Vote Item included as a part of the agenda pertaining to such Board meeting, declining to grant its approval for such Affirmative Vote Item. If such a notice is delivered by the Investors at any time prior to such Board meeting, the Board shall not be entitled to discuss, vote on or take any decision in relation to Affirmative Vote Item.

45. **Electronic Participation**:

The Directors may participate and vote in Board Meetings by telephone or video conferencing or any other means of contemporaneous communication, in the manner permitted under Applicable Laws and by the Ministry of Corporate Affairs from time to time. Notwithstanding the aforesaid, it is clarified that in relation to any Affirmative Vote Item, the written confirmation of the Investors or the Investor Nominee Director approving any proposal with respect to an Affirmative Vote Item shall always be required.

46. **Retirement of Directors by Rotation**

The Directors of the Company shall be liable to retire by rotation, in accordance with the provisions of the Act, at any Annual General Meeting of the Company unless otherwise prescribed. It is clarified that the Investor Nominee Director shall not be required to retire by rotation.

47. **Resolution by Circulation**:

A written resolution circulated to all the Directors or members of committees of the Board, whether in India or overseas and signed by a majority of them as approved, shall (subject to compliance with the relevant requirements of the Act) be as valid and effective as a resolution duly passed at a meeting of the Board or committee of the Board, called and held in accordance with these Articles (provided that it has been circulated in draft form, together with the relevant papers, if any to all the Directors) and as agreed amongst the Parties; provided however that if the resolution proposed to be passed by circulation pertains to any of the Affirmative Vote Items, such circular resolution shall be valid and effective only if it has received the consent in writing of the Investor Nominee Director.

INVESTOR NOMINEE DIRECTORS AND INVESTOR OBSERVERS LIABILITY AND INSURANCE

48. The Lead Promoter and the Company expressly agree and undertake that the Investor Nominee Director, any alternate to such Director, the Investor Observer and any other Director who may be nominated by the Investor pursuant to any future arrangements (referred to as the "**Investor Nominees**"), shall not be liable for any default or failure of the Company in complying with the provisions of any Applicable Laws, including but not limited to, defaults under the Act, taxation and labour laws of India, and compliance with regulations and guidelines prescribed by the Reserve Bank of India.

(a) The Lead Promoter and the Company expressly agree and undertake that they shall not identify any of the Directors mentioned in Article 48 above or the Investor Observer as an 'officer in default' of the Company for the purposes of the Act or any other statute, or as occupiers of any premises used by the Company or as employers under Applicable Laws. Further, the Lead Promoter and the Company undertake to ensure that the other Directors or suitable persons are nominated as compliance officers, occupiers and/or employers, as the case may be, in order to ensure that to the maximum extent permitted by Applicable Laws (including seeking adequate insurance), the Directors specified in Article 48 above do not incur any liability.

(b) The Company expressly agrees to: (a) indemnify, to the extent permitted by Applicable Laws, all Directors for any liability, cost or expense (including legal expenses) accruing, incurred, suffered, and /or borne by such Director in connection with the Business of the Company (irrespective of whether the liability, cost or expense happens during or after the term of directorship); and (b) procure suitable key-person insurance for the Key Managerial Personnel as decided by the Board.

(c) It is acknowledged by the Company and the Promoters that the Investors, or the Investor Nominee Director or the Investor Observer (and all other representatives of the Investors) shall have no liability of any nature whatsoever arising out of or because of the investment by the Investors in the Company, and the Investors, the Investor Nominee Director and all other representatives of the Investors shall be fully indemnified by the Company and the Lead Promoter in the event that any of them are held liable or responsible for the same.

FEE, REMUNERATION AND EXPENSES

49.

(a) The Director shall be paid sitting fee, incidental fee or such other fee for each meeting of the Board of Directors or Committee of the Board attended by him, as may be fixed by the Board of Directors from time to time.

(b) The costs of attendance of the Director (including all travel and boarding expenses) incurred in order to attend Board Meetings and Shareholders Meetings shall be borne by the Company in accordance with its prevailing policies and practices, as applicable. The costs for attendance of Board Meetings and Shareholders Meetings by the Investor Observer shall not be borne by the Company.

(c) The Director shall be paid remuneration out of the funds of the Company for the services rendered by him in the ordinary course of business as may be determined by the Board from time to time.

(d) If any Director be called upon to perform services of professional nature or special exertions or efforts, the Board may arrange with such Director for remuneration for such services or special exertions or efforts either by a fixed sum or otherwise as may be determined by the Board.

POWERS OF DIRECTORS

50. Subject to provisions of the Act and these Articles and as otherwise agreed amongst the Parties, the Board of Directors of the Company shall be entitled to exercise all such powers, and to do all such acts and things, as the Company is authorised to exercise and do, provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act or any other Act or by the Memorandum or these Articles or as otherwise agreed amongst the Parties, to be exercised or done by the Company in a general meeting, provided further that in exercising any such power or doing any such act or thing the Board shall be subject to the provisions contained in that behalf in the Act or in the Memorandum or in these Articles or any regulations not inconsistent therewith duly made thereunder including regulations made by the Company in a general meeting.

MANAGING & WHOLE TIME DIRECTORS

51. The Directors may from time to time appoint one or more of their body to be a Managing Director or Managing Directors (in which expression shall be include a Joint Managing Director, Deputy Managing Director) or Whole-time Director or Whole-time Directors of the Company for such term, as they may think fit.

52. Such Managing Director or a Whole-time Director shall, while he continues to hold that office be liable to retirement by rotation in accordance with applicable law.

53. Remuneration of a Managing Director or Whole-time Director shall from time to time be fixed by the Directors and may be by way of fixed salary, or commission on profits of the Company, or by participations in any such profits or by any or all of these modes.

54. Subject to the superintendence, control and direction of the Board of Directors, the day to day management of the Company may be entrusted to the Director or Directors appointed under Article 51 with power to the Board to distribute such day to day functions among such Directors if more than one, in any manner as directed by the Board, or to delegate such power of distribution to any one of them. The Board may from time to time entrust to, and confer upon, a Managing Director or Whole-time Director for the time being save as prohibited in Act, such of the powers exercisable under the Articles by the Directors as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes and upon terms and conditions and with such restrictions as they think expedient and they may, subject to the provisions of the Act and these Articles, confer such powers, either collaterally with or to the exclusion of or in substitution for all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

FUTURE FUNDING

55. The Company and the Lead Promoter agree that if any rights are granted by the Company to any future investors which are more favourable than the rights granted to the Investors, such rights shall also be available to the Investors and/or to the investment made by the Investors to the extent required by the Investors. For this purpose, the Company and the Lead Promoter shall provide the Investors with such information as may be required by the Investors to enable the Investors to take a decision on the matter.

ASSIGNMENT

56. The rights under Article 13 (*Tag Along Right*) and 14 (*Pre Emptive Right*) of these Articles shall be specific to each Subscription Share and shall transfer automatically with the transfer of a Subscription Share.

57. Notwithstanding the aforesaid, the Investors may together with the transfer of at least 50% (fifty per cent) of the Subscription Shares assign the rights set out in these Articles, subject to any agreement in this regard amongst the Parties.

SEAL

58. The Board of Directors shall provide for the safe custody of the common seal of the Company ("**Common Seal**") and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof.

59. The Common Seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors of the Company or of a committee of the Board of Directors of the Company authorised by it in that behalf and except in the presence of at least one Director or the Company Secretary or such other person as the Board of Directors of the Company may appoint for the purpose and the person in whose presence the Common Seal of the Company is affixed in accordance with this Article shall sign every instrument to which the Common Seal is so affixed. Provided that the affixation of the Common Seal shall only be required for the valid execution of such contracts/deeds/documents as the Board of Directors may specify as being required in their relevant resolution pertaining to the execution of such contract/deeds/documents.

AUTHENTICATION OF DOCUMENTS

60. Save as otherwise expressly provided in the Act or these Articles, or any specific requirement a document or proceedings requiring authentication by the Company may be signed by a Director, or any authorised officer of the Company and need not be under its seal.

SOCIAL RESPONSIBILITY

61. The Company shall endeavor to promote the objectives of social and economic development consistent with the needs of efficiency and productivity harmonising the interest of the consumers, shareholders, employees and management. It shall also try to ameliorate the hardships and promote the welfare of the community, specially in areas where it is carrying on its activities.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are, or may be deemed material, have been entered or to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Red Herring Prospectus delivered to the RoC for registration, and also the documents for inspection referred to hereunder may be inspected at our Registered Office, from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Bid/Offer Closing Date.

Material Contracts to the Offer

1. Offer Agreement dated March 28, 2018 entered into among our Company, the Selling Shareholders and the GCBRLMs and the BRLM.

2. Registrar Agreement dated March 9, 2018 entered into among our Company, the Selling Shareholders and the Registrar to the Offer.

3. Escrow Agreement dated [•] entered into among our Company, the Selling Shareholders, the GCBRLMs and the BRLM, Escrow Bank(s), Public Offer Account Bank, Refund Bank and the Registrar to the Offer.

4. Share Escrow Agreement dated [•] entered into among the Selling Shareholders, our Company and a share escrow agent.

5. Syndicate Agreement dated [•] entered into among the Syndicate Members, GCBRLMs and the BRLM, our Company, the Selling Shareholders and the Registrar to the Offer.

6. Underwriting Agreement dated [•] entered into among our Company, the Selling Shareholders and the Underwriters.

Other Material Contracts in relation to our Company

1. Subscription Agreement and Shareholders Agreement, both dated January 24, 2014 executed between our Company, our Promoter, Omega TC Holdings Pte. Ltd. and Tata Capital Financial Services Limited. The amendment agreement to the Subscription Agreement and supplemental agreement to the Subscription Agreement dated March 9, 2017 and March 27, 2014, respectively.

2. Amendment Agreement dated March 25, 2018 to the Shareholders Agreement and Subscription Agreement executed between our Company, our Promoter, Naresh Chandra, Suman Jain, Rochana Jain, Arjun Jain, Dhruv Jain, Omega TC Holdings Pte. Ltd. and Tata Capital Financial Services Limited.

3. Asset purchase agreement dated March 9, 2012 entered into between the Company, VarrocCorp Holding B.V. and Visteon Corporation, VEHC, LLC, Visteon Holdings Espana, S.L., VIHI LLC and others, as amended by amendments dated April 23, 2012 and August 1, 2012. Shareholders agreement dated January 29, 2013 entered into between Beste Motor Co., Ltd, TYC Brother Industrial Co. Ltd., VarrocCorp Holding B.V. and Varroc TYC Corporation. VTYC stock transfer agreement dated January 29, 2013 entered into between Visteon Corporation, VIHI, LLC, VarrocCorp Holding B.V. and our Company. Settlement and release agreement dated July 28, 2016 entered into between Visteon Parties, our Company and VarrocCorp Holdings B.V.

4. Share purchase agreement dated December 15, 2006 entered into between the Company and Holding Sviluppo Partecipazioni S.p.A.

5. Share sale and purchase agreement dated December 13, 2011, entered into between our Company, Vincenzo Lioy, Luciana Rabino, Luisa Lioy, Rosa Lioy, Iris Fillistrucchi, Proteus S.r.L., Intermedia S.r.L. and Alessio Caputo.

6. Share purchase agreement dated October 17, 2017 entered into between our Company, VPPL, Mohan Rajshekhar, Mahendra Jolapara, and Team Concepts.

7. Composite scheme of arrangement between Varroc Lighting Private Limited, VPPL and our Company, approved by the High Court of Bombay by its order dated January 1, 2008.

8. Scheme of arrangement between VPPL, our Company and their respective shareholders, approved by the High Court of Bombay by its order dated June 18, 2010.

9. Scheme of amalgamation between Varroc Exhaust Systems Private Limited and our Company, approved by the High Court of Bombay by its order dated September 29, 2016.

10. Capital reduction scheme of our Company by cancellation of 852,349 equity shares of ₹ 10 each, approved by the National Company Law Board Tribunal by way of an order dated November 9, 2017.

Material Documents

1. Certified copies of our Memorandum of Association and Articles of Association as amended until date.
2. Certificate of incorporation dated May 11, 1988.
3. Fresh certificate of incorporation consequent upon change of name dated February 5, 2018.
4. Board resolution of our Company dated February 6, 2018, authorising the Offer and other related matters.
5. Board resolution of our Company dated March 25, 2018 and IPO Committee resolution dated March 28, 2018, approving the DRHP.
6. Board resolution dated February 6, 2018 and Shareholders resolution dated February 13, 2018 for re-appointment of Tarang Jain, Managing Director.
7. Board resolution dated February 6, 2018 and Shareholders resolution dated February 13, 2018 for re-appointment of Ashwani Maheshwari, Whole-time Director.
8. Copies of annual reports for the five Fiscal years, i.e., Fiscals 2017, 2016, 2015, 2014 and 2013.
9. The examination reports of the Auditors, Price Waterhouse & Co Chartered Accountants LLP on our restated financial information included in this Draft Red Herring Prospectus.
10. Consent dated March 28, 2018 from the Statutory Auditors, namely, Price Waterhouse & Co Chartered Accountants LLP to include its name as an expert under Section 26 of the Companies Act, 2013 in this Draft Red Herring Prospectus in relation to the reports of the Statutory Auditors dated March 25, 2018, on the Restated Standalone Financial Information and Restated Consolidated Financial Information of our Company, included in this Draft Red Herring Prospectus and such consent has not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus. A written consent under the provisions of the Companies Act, 2013 is different from a consent filed with the U.S. Securities and Exchange Commission under Section 7 of the U.S. Securities Act, which is applicable only to transactions involving securities registered under the U.S. Securities Act. As the Equity Shares are proposed to be offered as a part of an initial public offering in India and the Equity Shares have not been and will not be registered under the U.S. Securities Act, the Statutory Auditors have not given consent under Section 7 of the U.S. Securities Act. In this regard, the Statutory Auditors have given consent to be referred to as "experts" in this Draft Red Herring Prospectus in accordance with the requirements of the Companies Act, 2013. The term "experts" as used in this Draft Red Herring Prospectus is different from those defined under the U.S. Securities Act, which is applicable only to transactions involving securities registered under the U.S. Securities Act. The reference to the Statutory Auditors as "experts" in this Draft Red Herring Prospectus is not made in the context of the U.S. Securities Act but solely in the context of the Offer in India.
11. Statement of tax benefits dated March 26, 2018 and consent dated March 26, 2018 of Kirtane and Pandit LLP for inclusion of the statement of tax benefits in the form and context in which it appears in this Draft Red Herring Prospectus.
12. Consents of Bankers to our Company, the GCBRLMs and the BRLM, Syndicate Members, Registrar to the Offer, Bankers to the Offer, Escrow Banks, Refund Banks, legal counsels, CRISIL Research and Yole Développement, Directors of our Company, Chief Financial Officer and Company Secretary and Compliance Officer as referred to act, in their respective capacities.
13. Consent letter dated February 5, 2018 issued by the Promoter Selling Shareholder consenting to the inclusion of his portion of the Equity Shares in the Offer for Sale.

14. Consent letters both dated March 28, 2018 issued by Investor Selling Shareholder 1 and Investor Shareholder 2, respectively, consenting to the inclusion of their portion of the Equity Shares in the Offer for Sale.

15. Key performance indicators certificate dated March 26, 2018 and consent of of Kirtane and Pandit LLP dated March 26, 2018.

16. Deed of declaration dated March 6, 2018 between Rochana Jain and Vandana Khaitan.

17. Memorandum of Agreement dated March 19, 2010 entered into between Tarang Jain, Anurang Jain, Naresh Chandra and Suman Jain in respect of the family arrangement.

18. Resolutions dated February 5, 2018 and January 29, 2018 by the board of the Investor Selling Shareholder 1 and Investor Selling Shareholder 2, respectively, consenting to the inclusion of their portion of Equity Shares in the Offer for Sale.

19. Capacity utilisation certificates and consent letter dated March 24, 2018 issued by Milind Sangwikar and Associates, Chartered Engineers, on capacity utilization.

20. In-principle listing approvals dated [•] and [•] from BSE and NSE, respectively.

21. SEBI final observation letter dated [•].

22. Tripartite Agreement dated November 10, 2010 among our Company, NSDL and the Registrar to the Offer.

23. Tripartite Agreement dated March 21, 2018 among our Company, CDSL and the Registrar to the Offer.

24. Due diligence certificate to SEBI from the GCBRLMs and the BRLM, dated March 28, 2018.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Shareholders, subject to compliance with the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by SEBI, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SEBI Act, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

Naresh Chandra *(Chairman and Non-Executive Director)*	
Tarang Jain *(Managing Director)*	
Ashwani Maheshwari *(Whole-time Director)*	
Padmanabh Sinha *(Investor Nominee Director)*	
Gautam P. Khandelwal *(Independent Director)*	
Vijaya Sampath *(Independent Director)*	
Marc Szulewicz *(Independent Director)*	
Vinish Kathuria *(Independent Director)*	
SIGNED BY CHIEF FINANCIAL OFFICER T.R. Srinivasan, Chief Financial Officer	

Date: March 28, 2018
Place: Mumbai

DECLARATION BY TARANG JAIN, AS A SELLING SHAREHOLDER

The undersigned Selling Shareholder, hereby certifies that all statements and undertakings specifically made by him in this Draft Red Herring Prospectus about, or in relation to himself, and the Equity Shares being offered by it in the Offer, are true and correct. The Selling Shareholder assumes no responsibility for any other statement, including the statements made by the Company or any other Selling Shareholder or any expert or any other person(s) in this Draft Red Herring Prospectus.

Signed by the Selling Shareholder

Tarang Jain

Date: March 28, 2018
Place: Mumbai

DECLARATION BY OMEGA TC HOLDINGS PTE. LTD., AS A SELLING SHAREHOLDER

The undersigned Selling Shareholder, hereby certifies that all statements and undertakings specifically made by it in this Draft Red Herring Prospectus about, or in relation to itself, and the Equity Shares being offered by it in the Offer, are true and correct. The Selling Shareholder assumes no responsibility for any other statement, including the statements made by the Company or any other Selling Shareholder or any expert or any other person(s) in this Draft Red Herring Prospectus.

Signed by the Selling Shareholder

For Omega TC Holdings Pte. Ltd.

Name: J. Niranjan
Designation: Director
Date: March 28, 2018
Place: Singapore

DECLARATION BY TATA CAPITAL FINANCIAL SERVICES LIMITED, AS A SELLING SHAREHOLDER

The undersigned Selling Shareholder, hereby certifies that all statements and undertakings specifically made by it in this Draft Red Herring Prospectus about, or in relation to itself, and the Equity Shares being offered by it in the Offer, are true and correct. The Selling Shareholder assumes no responsibility for any other statement, including the statements made by the Company or any other Selling Shareholder or any expert or any other person(s) in this Draft Red Herring Prospectus.

Signed by the Selling Shareholder

For Tata Capital Financial Services Limited

Name: Mahesh Jaokar
Designation: CFO – Private Equity
Date: March 28, 2018
Place: Mumbai