DRAFT RED HERRING PROSPECTUS
Dated March 10, 2015
Please read Section 32 of the Companies Act, 2013
100% Book Building Offer

PRECISION CAMSHAFTS LIMITED

Our Company was incorporated as 'Precision Camshafts Private Limited' on June 8, 1992 under the Companies Act, 1956 ("**Companies Act 1956**"), with the Registrar of Companies, Maharashtra at Mumbai. Pursuant to conversion of our Company into a public limited company, our name was changed to 'Precision Camshafts Limited' and a fresh certificate of incorporation consequent upon change of name on conversion to public limited company was issued by the Registrar of Companies, Maharashtra at Mumbai on August 1, 1997. Pursuant to a resolution of the board of directors of our Company dated January 10, 2001, the registered office of our Company was shifted from 51, Sarvodaya Housing Society, Hotgi Road, Solapur, 413 003, Maharashtra, India to E 102/103, MIDC, Akkalkot Road, Solapur 413 006, Maharashtra, India with effect from January 10, 2001 and the relevant filings were made by our Company with Registrar of Companies, Maharashtra at Pune. For more information in relation to change in name and Registered Office of our Company, see "***History and Certain Corporate Matters***" on page 142.

Corporate Identity Number: U24231PN1992PLC067126
Registered Office: E - 102/103 MIDC, Akkalkot Road, Solapur 413 006, Maharashtra, India **Tel:** (+ 91 217) 3295433 **Fax:** (+ 91 217) 2653398
Corporate Office: D-5, D-6, D-7, D-7/1, MIDC, Chincholi, Solapur-Pune Highway, Solapur 413 255, Maharashtra, India
Tel: (+ 91 217) 3295430 **Fax**: (+ 91 217) 2357645
Contact Person: Mr. Swapneel Kuber, Company Secretary and Compliance Officer **Tel:** (+ 91 20) 69401114 **Fax**: (+ 91 217) 2653398nover
E-mail: sskuber@pclindia.in **Website**: www.pclindia.in
Promoters of our Company: Mr. Yatin Shah and Dr. Suhasini Shah

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH (THE "EQUITY SHARES") OF PRECISION CAMSHAFTS LIMITED ("PRECISION CAMSHAFTS" OR "OUR COMPANY" OR "THE COMPANY" OR "THE ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) (THE "OFFER PRICE") AGGREGATING UP TO ₹ [●] MILLION (THE "OFFER"). THE OFFER COMPRISES A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 2,400 MILLION BY OUR COMPANY (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 8,640,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY THE SELLING SHAREHOLDERS (AS DEFINED HEREINAFTER IN THE "DEFINITIONS AND ABBREVIATIONS" SECTION ON PAGE 1) (THE "OFFER FOR SALE"). THE OFFER SHALL CONSTITUTE [●]% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDERS IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND WILL BE ADVERTISED IN ALL EDITIONS OF BUSINESS STANDARD (A WIDELY CIRCULATED ENGLISH NATIONAL NEWSPAPER), ALL EDITIONS OF BUSINESS STANDARD (HINDI) (A WIDELY CIRCULATED HINDI NATIONAL NEWSPAPER) AND IN THE SOLAPUR EDITION OF TARUN BHARAT (A WIDELY CIRCULATED MARATHI NEWSPAPER, MARATHI BEING THE REGIONAL LANGUAGE OF MAHARASHTRA WHERE OUR REGISTERED AND CORPORATE OFFICES ARE LOCATED) AT LEAST FIVE WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO THE BSE LIMITED (THE "BSE") AND THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED (THE "NSE", AND TOGETHER WITH THE BSE, THE "STOCK EXCHANGES") FOR THE PURPOSES OF UPLOAD ON THEIR RESPECTIVE WEBSITES.

THE FACE VALUE OF THE EQUITY SHARE IS ₹ 10 EACH

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

In terms of Rule 19(2)(b)(ii) of the Securities Contracts (Regulation) Rules, 1957, as amended, (the "**SCRR**") the Offer is being made for [●]% of the post-Offer paid-up Equity Share capital of our Company. The Offer is being made through the Book Building Process, in compliance with Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended the ("**SEBI ICDR Regulations**") wherein 50% of the Offer will be allocated on a proportionate basis to Qualified Institutional Buyers ("**QIBs**") (the "**QIB Category**"), provided that our Company and the Selling Shareholders, in consultation with the BRLMs, may allocate up to 60% of the QIB Category to Anchor Investors, on a discretionary basis (the "**Anchor Investor Portion**"), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Offer Price. 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 Offer will be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Offer will be available for allocation to Retail Individual Investors, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Retail Individual Investors may participate in this Offer through the ASBA process by providing the details of the ASBA Accounts in which the corresponding Bid Amounts will be blocked by the SCSBs. QIBs (excluding Anchor Investors) and Non-Institutional Investors can participate in the Offer only through the ASBA process. Anchor Investors are not permitted to participate in this Offer through the ASBA process. For details in this regard, specific attention is invited to "***Offer Procedure***" on page 343.

RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of the securities of our Company, there has been no formal market for the securities of our Company. The face value of our Equity Shares is ₹ 10 and the Floor Price and Cap Price are [●] times and [●] times of the face value of our Equity Shares, respectively. The Offer Price (as determined and justified by our Company and the Selling Shareholders in consultation with the BRLMs and as stated in "***Basis for Offer Price***" on page 91) 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 the Issuer 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 the SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "***Risk Factors***" on page 12.

ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect. Further, the Selling Shareholders accept responsibility only for and confirm that the statements in relation to itself and the Equity Shares being sold by it in the Offer for Sale contained in this Draft Red Herring Prospectus are true and correct in all material respects. The Selling Shareholders assume no responsibility for any other statements, including, among others, any statements made by or relating to our Company or its business in this Draft Red Herring Prospectus.

LISTING

The Equity Shares issued through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. We have received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. [●] is the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGERS			**REGISTRAR TO THE OFFER**
SBI Capital Markets Limited 202, Maker Tower 'E' Cuffe Parade Mumbai - 400 005 Maharashtra, India Tel: (+91 22) 2217 8300 Fax: (+91 22) 2218 8332 Email: pcl.ipo@sbicaps.com Investor Grievance E-mail: investor.relations@sbicaps.com Website: www.sbicaps.com Contact Person: Ms. Kavita Tanwani/Mr. Nikhil Bhiwapurkar SEBI Registration No.: INM000003531	**HDFC Bank Limited** Investment Banking Group Unit No 401 & 402, 4th Floor Tower B Peninsula Business Park Lower Parel Mumbai - 400013 Maharashtra, India Tel : (+91 22) 33958015 Fax : (+91 22) 30788584 Email : pcl.ipo@hdfcbank.com Investor Grievance Email : investor.redressal@hdfcbank.com Website: www.hdfcbank.com Contact Person: Mr. Rishi Tiwari/Mr. Keyur Desai SEBI Registration No.: INM000011252	**India Infoline Limited** 8th Floor, IIFL Centre Kamala City Senapati Bapat Marg Lower Parel (West) Mumbai - 400 013 Tel : (+91 22) 46464600 Fax : (+91 22) 24931073 Email : pcl.ipo@iiflcap.com Investor Grievance Email : ig.ib@iiflcap.com Website: www.iiflcap.com Contact Person: Mr. Pinkesh Soni/ Mr. Gaurav Singhvi SEBI Registration No.: INM000010940	**Link Intime India Private Limited** C 13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West) Mumbai 400 078, Mahasrahstra, India Tel : (+91 22) 61715400 Fax : (+91 22) 2596 0329 Email : pcl.ipo@linkintime.co.in Investor Grievance Email: pcl.ipo@linkintime.co.in Website: www.linkintime.co.in Contact Person: Mr. Sachin Achar SEBI Registration No.: INR000004058

BID/OFFER PERIOD*			
BID/OFFER OPENS ON	**[●]**	**BID/OFFER CLOSES ON (FOR QIBs)****	**[●]**
		BID/OFFER CLOSES ON (FOR ALL OTHER BIDDERS)	**[●]**

* *Our Company and the Selling Shareholders, in consultation with the BRLMs, may consider participation by Anchor Investors. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date.*

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

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SECTION I - GENERAL
DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or implies, the following terms shall have the meanings provided below in this Draft Red Herring Prospectus, and references to any statute or regulations or policies will include any amendments or re-enactments thereto, from time to time. In case of any inconsistency between the definitions given below and the definitions contained in the General Information Document (as defined below), the definitions given below shall prevail.

*Unless the context otherwise indicates, all references to "**Precision Camshafts**", "**the Company**", "**our Company**" and "**the Issuer**", are to Precision Camshafts Limited, a company incorporated in India under the Companies Act 1956 with its Registered Office at E - 102/103 MIDC, Akkalkot Road, Solapur 413 006, Maharashtra, India. Furthermore, unless the context otherwise indicates, all references to the terms "**we**", "**us**" and "**our**" are to Precision Camshafts Limited, its Subsidiary and Joint Ventures (as defined below) on a consolidated basis.*

Company Related Terms

Term	Description
Precision Camshafts or Our Company or the Company or the Issuer	Unless the context otherwise requires, refers to Precision Camshafts Limited, a public limited company incorporated under the Companies Act
AoA/Articles of Association or Articles	The articles of association of our Company, as amended
Associate Companies	An associate company of our Company, in terms of the definition prescribed under Section 2(6) of the Companies Act 2013
Auditors	The statutory auditors of our Company, being S R B C & Co. LLP
Automotive Mission Plan	the Automotive Mission Plan, 2006-2016
Board or Board of Directors	The board of directors of our Company, or a duly constituted committee thereof
CDC	Commonwealth Development Corporation, United Kingdom
CFMA	Changan Ford Mazda Automobile Corporation Limited, China
CPCPL	Clancey Precision Components Private Limited
CSR Committee	Corporate social responsibility committee constituted pursuant to a resolution of our Board dated January 9, 2015; for details, see "***Our Management***" on page 153
Corporate Office	The corporate office of our Company, at D-5, D-6, D-7, D-7/1, M.I.D.C., Chincholi, Solapur-Pune Highway, Solapur 413 255, Maharashtra, India
Corporate Selling Shareholder	Cams Technology Limited
Director(s)	The director(s) on our Board
Domestic Unit	The units of our Company located at E-90 and E-102/103 located at MIDC, Akkalkot Road, Solapur, Maharashtra
Domestic Unit – Unit I	E-102/103 located at MIDC, Akkalkot Road, Solapur, Maharashtra
Domestic Unit – Unit II	E-90 located at MIDC, Akkalkot Road, Solapur, Maharashtra
EAA	Examination and Approval Authority
EMAG	EMAG Holding GmbH, EMAG Automation GmbH and EMAG India Private Limited, collectively
EOU	Export Oriented Unit
Equity Shareholders	A holder of Equity Shares of our Company
Equity Shares	The equity shares of our Company of a face value of ₹ 10 each
Ford Motors	Ford Motor Company and its subsidiaries and affiliates across geographies
General Motors	General Motors Company and its subsidiaries and affiliates across geographies
Group Entities	Companies, firms and ventures promoted by the Promoters, irrespective of whether such entities are covered under Section 370(1)(B) of the Companies Act 1956 and disclosed in "***Our Promoters and Group Entities***" on page 165
Individual Selling Shareholders	Mr. Yatin Shah, Dr. Suhasini Shah and Mr. Jayant Aradhaye
Joint Ventures or JVs	The joint ventures of our Company, as identified and described in "***History and Certain Corporate Matters***" on page 142
MoA/Memorandum of Association	The memorandum of association of our Company, as amended
National Auto Policy	The National Auto Policy, 2002, as amended
NSPCL	Ningbo Shenglong Powertrain Company Limited
NSPCCL	Ningbo Shenglong PCL Camshafts Company Limited
PCL ESOS- 2015	PCL Employees Stock Option Scheme, 2015, the employee stock option plan established by our Company with effect from December 30, 2014 as described in ***"Capital Structure"*** on page 67

Term	Description
PCL KESOS 2014	PCL Key Executives Stock Option Scheme, 2014, the employee stock option plan established by our Company with effect from January 30, 2014 as described in ***"Capital Structure"*** on page 67
PCLSCL	PCL (Shanghai) Company Limited
PCLSHSCCL	PCL Shenglong (Huzhou) Specialized Casting Company Limited
Promoters	Mr. Yatin Shah and Dr. Suhasini Shah
Promoter Directors	Collectively, our Promoters, who are also our Directors
Promoter Group	Persons and entities constituting the promoter group of our Company, pursuant to Regulation 2(1)(zb) of the SEBI ICDR Regulations
PSL	Precision Shellcast Limited
PSL Amalgamation Scheme	Scheme of amalgamation of PSL with our Company sanctioned by the High Court of Bombay pursuant to an order dated February 11, 1999 which was subsequently filed before the RoC on July 21, 1999
PVPL	Precision Valvetrain Private Limited
PVPL Amalgamation Scheme	Scheme of amalgamation of PVPL with our Company sanctioned by the High Court of Bombay pursuant to an order dated February 1, 2008 which was subsequently filed before the RoC on March 27, 2008
Registered Office	The registered office of our Company situated at E - 102/103 MIDC, Akkalkot Road, Solapur 413 006, Maharashtra, India
Restated Consolidated Financial Statements	Audited restated consolidated summary statements of assets and liabilities as at September 30, 2014, March 31, 2014, March 31, 2013 and March 31, 2012 and audited restated consolidated summary statements of profits and losses and cash flows for the six months period ended September 30, 2014 and for each of the financial year ended March 31, 2014, March 31, 2013 and March 31, 2012 along with schedules of the Company, its Subsidiary and Joint Venutres
Restated Unconsolidated Financial Statements	Audited restated unconsolidated summary statements of assets and liabilities as at September 30, 2014, March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 and March 31, 2010 and audited restated unconsolidated summary statements of profits and losses and cash flows for the six months period ended September 30, 2014 and for each of the financial year ended March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 and March 31, 2010 along with schedules of the Company
Restated Financial Statements	The Restated Consolidated Financial Statements and the Restated Unconsolidated Financial Statements
SAIC	State Administration for Industry and Commerce
Selling Shareholders	Mr. Yatin Shah, Dr. Suhasini Shah, Mr. Jayant Aradhaye and Cams Technology Limited
Subsidiary	The subsidiary of our Company, as identified and described in "***History and Certain Corporate Matters***" on page 142
Tata Motors	Tata Motors Company Limited
TMLFSL	TML Financial Services Limited
ZMM	ZMM Technology Limited

Offer Related Terms

Term	Description
Allotted/Allotment/Allot	Issue, allotment and transfer of Equity Shares to successful Bidders pursuant to this 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 Investor	A QIB, who applies under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations
Anchor Investor Bidding Date	The date one Working Day prior to the Bid/Offer Opening Date on which Bids by Anchor Investors shall open and allocation to the Anchor Investors shall be completed
Anchor Investor Offer Price	The final price at which 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 BRLMs
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 BRLMs, to Anchor Investors,

Term	Description
	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 Anchor Investor Offer Price
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) by an ASBA Bidder to make a Bid authorizing the relevant SCSB to block the Bid Amount in the relevant ASBA Account
ASBA Account	Account maintained with an SCSB which will be blocked by such SCSB to the extent of the appropriate Bid Amount in relation to a Bid by an ASBA Bidder and as defined in the Bid cum Application Form
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidder	Any Bidder (other than Anchor Investors) who Bids through the ASBA process
Bankers to the Offer/Escrow Collection Banks	The bank(s) which is/are clearing members and registered with the SEBI as bankers to the offer, with whom the Escrow Accounts in relation to the Offer will be opened, in this case being [●]
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Bidders under the Offer, described in "***Offer Procedure***" on page 343
Bid	An indication to make an offer during the Bid/Offer Period by a Bidder (including an ASBA Bidder), or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to submission of a Bid cum Application Form, to subscribe for or purchase our Equity Shares at a price within the Price Band, including all revisions and modifications thereto, to the extent permissible under the SEBI ICDR Regulations
Bid Amount	The highest value of the optional Bids as indicated in the Bid cum Application Form and payable by the Bidder upon submission of the Bid in the Offer
Bid cum Application Form	The form in terms of which the Bidder shall make a Bid and which shall be considered as the application for the Allotment of Equity Shares pursuant to the terms of the Red Herring Prospectus and the Prospectus
Bid/Offer Closing Date	Except in relation to Anchor Investors, the date after which the Syndicate, Registered Brokers and SCSBs shall not accept any Bids for the Offer, which shall be published in all editions of Business Standard (a widely circulated English national newspaper), in all editions of Business Standard (Hindi) (a widely circulated Hindi national newspaper) and in the Solapur edition of Tarun Bharat (a widely circulated Marathi newspaper, Marathi being the regional language of Maharashtra where our Registered and Corporate offices are located). Our Company and the Selling Shareholders in consultation with the BRLMs, may decide to close the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date, subject to the SEBI ICDR Regulations
Bid/Offer Opening Date	Except in relation to any Bids received form the Anchor Investors, the date on which the Syndicate, the Registered Brokers and the SCSBs shall start accepting Bids for the Offer, which shall be published by our Company in the all edition of Business Standard, (a widely circulated English national newspaper), all edition of Business Standard (Hindi) (a widely circulated Hindi national newspaper) and in the Solapur edition of Tarun Bharat (a widely circulated Marathi newspaper, Marathi being the regional language of Maharashtra where our Registered and Corporate offices are 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
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form, including an ASBA Bidder and Anchor Investor
Bid Lot	[●] Equity Shares
Book Building Process	The book building process as described in Schedule XI of the SEBI ICDR Regulations, in terms of which the Offer is being made
Book Running Lead Managers/BRLMs	The book running lead managers to the Offer, in this case being SBI Capital Markets Limited, HDFC Bank Limited and India Infoline Limited
Broker Centres	Broker centres notified by the Stock Exchanges, where Bidders 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 (www.nseindia.com and www.bseindia.com)
Cap Price	The higher end of the Price Band above which the Offer Price and Anchor Investor Offer Price will not be finalized and above which no Bids will be accepted, including any revisions thereof

Term	Description
Client ID	Client identification number of the Bidder's beneficiary account
Cut-off Price	The Offer Price, finalized by our Company and the Selling Shareholders in consultation with the BRLMs, which shall be any price within the Price Band. Only Retail Individual Investors are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Investors are not entitled to Bid at the Cut-off Price
Demographic Details	The details of the Bidders including the Bidders' address, names of the Bidders' father/husband, investor status, occupations and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Form used by ASBA Bidders. A list of such SCSBs is available at 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
Designated Date	The date on which the Escrow Collection Banks transfer the funds from the Escrow Accounts to the Public Offer Account(s) or the Refund Account(s), as appropriate, and the Registrar to the Offer issues instruction to SCSBs for transfer of funds from the ASBA Accounts to the Public Offer Account(s) in terms of the Red Herring Prospectus
Designated Stock Exchange	[●]
Draft Red Herring Prospectus/DRHP	This draft red herring prospectus dated March 10, 2015 filed with the SEBI and issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which our Equity Shares will be Allotted and the size of the Offer, including any addenda or corrigenda thereto
Eligible NRI	A non-resident Indian, resident in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe for the Equity Shares
Eligible QFI	Qualified Foreign Investors 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 Red Herring Prospectus constitutes an invitation to purchase the Equity Shares offered thereby and who have opened dematerialised accounts with SEBI registered qualified depositary participants as QFIs and are deemed as FPIs under the SEBI FPI Regulations
Escrow Account(s)	Account(s) opened with the Escrow Collection Bank(s) for the Offer and in whose favour the Bidders (excluding ASBA Bidders) will issue cheques or demand drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into amongst our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Syndicate Members, the Refund Bank(s) and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable remitting refunds, if any, to the Bidders (excluding ASBA Bidders), on the terms and conditions thereof
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or the Revision Form and in case of joint Bids, where name shall also appear 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 or the Anchor Investor Offer Price will be finalized and below which no Bids will be accepted and which shall not be less than the face value of the Equity Shares
Fresh Issue	Fresh issue of up to [●] Equity Shares aggregating up to ₹ 2,400 million by our Company as part of the Offer, in terms of this Draft Red Herring Prospectus
General Information Document	The General Information Document for investing in public issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013, notified by SEBI and included in "***Offer Procedure***" on page 343
HDFC	HDFC Bank Limited
IIFL	India Infoline 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
Mutual Fund Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, on a proportionate basis
Net Proceeds	Proceeds of the Offer that will be available to our Company, which shall be the gross proceeds of the Offer less the proceeds of the Offer for Sale (including Offer Expenses to the extent borne by the Selling Shareholders) and the Offer expenses, to the extent borne by our Company
Non-ASBA Mechanism	RIIs and/or Reserved Categories bidding in their respective reservation portion by paying the Bid Amount through a cheque or a demand draft

Term	Description
Non-Institutional Category	The portion of the Offer, being not less than 15% of the Offer or [●] Equity Shares, available for allocation on a proportionate basis to Non-Institutional Investors subject to valid Bids being received at or above the Offer Price
Non-Institutional Investors/NIIs	All Bidders, including Category III FPIs that are not QIBs (including Anchor Investors) or Retail Individual Investors, who have Bid for Equity Shares for an amount of more than ₹ 200,000 but not including NRIs other than Eligible NRIs
Offer	Public offer of up to [●] Equity Shares for cash at a price of ₹ [●] per Equity Share, aggregating up to ₹ [●] million, comprising a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 2,400 million by our Company and an Offer for Sale of up to 8,640,000 Equity Shares aggregating up to ₹ [●] million by the Selling Shareholders. The Offer shall constitute [●]% of the post-Offer paid up Equity Share capital of our Company.
Offer Agreement	The agreement dated March 4, 2015 entered into amongst our Company, the Selling Shareholders and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer
Offer for Sale	Offer for sale of up to 8,640,000 Equity Shares being offered by the Selling Shareholders pursuant to the Red Herring Prospectus
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 BRLMs in terms of the Red Herring Prospectus on the Pricing Date.
Price Band	Price band of the Floor Price of ₹ [●] and a Cap Price of ₹ [●], including revisions thereof. The Price Band and the minimum Bid lot for the Offer will be decided by our Company and the Selling Shareholders in consultation with the BRLMs and advertised in all editions of Business Standard, (a widely circulated English national newspaper), all editions of Business Standard (Hindi) (a widely circulated Hindi national newspaper) and in the Solapur edition of Tarun Bharat (a widely circulated Marathi newspaper, Marathi being the regional language of Maharashtra where our Registered and Corporate offices are 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 website
Pricing Date	The date on which our Company and the Selling Shareholders in consultation with the BRLMs, shall finalize the Offer Price
Prospectus	The Prospectus to be filed with the RoC for this Offer on or after the Pricing Date in accordance with the provisions of Section 26 of the Companies Act 2013 and the SEBI ICDR Regulations, containing the Offer Price that is determined at the end of the Book Building Process and including any addenda or corrigenda thereto
Public Offer Account	The account(s) to be opened with the Banker(s) to the Offer to receive monies from the Escrow Account(s) and the ASBA Accounts on the Designated Date
QIB Category	The portion of the Offer, being 50% of the Offer or [●] Equity Shares available for allocation 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 BRLMs), subject to valid Bids being received at or above the Offer Price
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 alloted and which shall be filed with the RoC at least three Working Days before the Bid/Offer Opening Date and will become the Prospectus after filing with the RoC after the Pricing Date, including any addenda or corrigenda thereto
Refund Account(s)	Account(s) opened with the Refund Bank(s) from which refunds, if any, of the whole or part of the Bid Amount shall be made to the Bidders (excluding ASBA Bidders)
Refund Bank(s)	Escrow Collection Bank(s) with whom Refund Account(s) will be opened and from which a refund of the whole or part of the Bid Amount, if any, shall be made, in this case being [●]
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals, other than the members of the Syndicate
Registrar Agreement	The agreement dated March 3, 2015, entered into among our Company, the Selling Shareholders and the Registrar to the Offer in relation to the responsibilities and

Term	Description
	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 Offer or [●] Equity Shares, available for allocation to Retail Individual Investors, which shall not be less than the minimum Bid lot per RII, subject to availability in the Retail Category and the remaining Equity Shares to be Allotted on a proportionate basis
Retail Individual Investors/ RIIs	Bidders (including HUFs and Eligible NRIs), whose Bid Amount for Equity Shares in the Offer is not more than ₹ 200,000
Revision Form	The form used by the Bidders including ASBA 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)
SBICAP	SBI Capital Markets Limited
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 (http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries) and updated from time to time
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application Forms. A list of bidding centres 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
Stock Exchanges	BSE Limited and National Stock Exchange of India Limited
Syndicate Agreement	The agreement to be entered into amongst the members of the Syndicate, our Company, the Selling Shareholders and the Registrar to the Offer in relation to the collection of Bids in the Offer (other than Bids directly submitted to the SCSBs under the ASBA process or to Registered Brokers at the Broker Centres)
Syndicate Members	Intermediaries registered with the SEBI and permitted to carry out activities as an underwriter, namely [●]
Syndicate or members of the Syndicate	Collectively, the BRLMs and the Syndicate Members
Underwriters	The members of the Syndicate
Underwriting Agreement	The agreement 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 Saturdays and Sundays, on which commercial banks in India are open for business, provided however, for the purpose of the time period between the Bid/Offer Closing Date and listing of the Equity Shares on the Stock Exchanges, "Working Days" shall mean all days excluding Sundays and bank holidays in India in accordance with the SEBI circular no. CIR/CFD/DIL/3/2010 dated April 22, 2010

Conventional and General Terms or Abbreviations

Term	Description
AIF(s)	Alternative Investment Funds
Air Act	Air (Prevention and Control of Pollution) Act, 1981, as amended
Authorised Dealers	Authorised Dealers registered with the RBI under the Foreign Exchange Management (Foreign Currency Accounts) Regulations, 2000
AWB	Air Way Bill
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate computed as ((Final Value/Initial Value) ^ (1/n)) – 1; where n = $\text{Year}_{\text{Final Value}} - \text{Year}_{\text{Initial Value}}$
Category III FPIs	FPIs registered as category III FPIs under the SEBI FPI Regulations, which shall include all other FPIs not eligible under category I and II foreign portfolio investors, such as endowments, charitable societies, charitable trusts, foundations, corporate bodies, trusts, individuals and family offices
CBEC	Central Board of Customs and Excise
Central Sales Tax Act	The Central Sales Tax Act, 1956, as amended
CLRA	The Contract Labour (Regulation and Abolition) Act, 1970
Companies Act	Companies Act, 1956, as superseded and substituted by notified provisions of the Companies Act 2013 read with rules, regulations, clarifications and modifications thereunder
Companies Act 1956	Companies Act, 1956
Companies Act 2013	Companies Act, 2013 read with rules, regulations, clarifications and modifications thereunder
Competition Act	The Competition Act, 2002, as amended

Term	Description
Competition Commission	The Competition Commission of India
Consolidated FDI Policy	The current consolidated FDI Policy, effective from April 17, 2014, 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
Copyright Act	The Indian Copyright Act, 1957, as amended
Customs Act	The Customs Act, 1962, as amended
DTC	Direct Tax Code, 2013
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
DP	Depository Participant
DP ID	Depository Participant's identity number
ECB	External Commercial Borrowing
Environment Protection Act	The Environment Protection Act, 1986, as amended
EPCG Scheme	Export Promotion Capital Goods Scheme
EPF Act	The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
EPS	Earnings per share
ESI Act	The Employees' State Insurance Act, 1948, as amended
Factories Act	The Factories Act, 1948, as amended
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
FII(s)	Foreign Institutional Investors as defined under Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 2000, registered with the SEBI under applicable laws in India and deemed as FPIs under the SEBI FPI Regulations
Financial Year/Fiscal	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year
FPIs	A foreign portfolio investor who has been registered pursuant to the SEBI FPI Regulations, provided that any QFI or 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
GDP	Gross Domestic Product
GoI	The Government of India
Hazardous Wastes Rules	The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008, as amended
HUF(s)	Hindu Undivided Family(ies)
ICAI	Institute of Chartered Accountants of India
IFSC	Indian Financial System Code
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board
Income Tax Act	Income Tax Act, 1961
IND (AS)	Indian Accounting Standards
Indian GAAP	Accounting Principles Generally Accepted in India
ITC	Input Tax Credit
JPY	Japanese Yen, the official currency of Japan
LR	Lorry Receipt
Minimum Wages Act	The Minimum Wages Act, 1948, as amended
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
NR/ Non-resident	A person resident outside India, as defined under the FEMA and includes a Non-resident Indian
NRE Account	Non-Resident External Account established and operated in accordance with the FEMA
NRI	Non-Resident Indian
NRO Account	Non-Resident Ordinary Account established and operated in accordance with the FEMA
NSE	The National Stock Exchange of India Limited
PAN	Permanent account number

Term	Description
PAT	Profit after tax
Patents Act	The Patents Act, 1970, as amended
Payment of Bonus Act	The Payment of Bonus Act, 1965, as amended
Payment of Gratuity Act	The Payment of Gratuity Act, 1972, as amended
Public Liability Act	The Public Liability Insurance Act, 1991, as amended
QFI(s)	Qualified Financial Investor(s) as defined under the SEBI FPI Regulations
RBI	The Reserve Bank of India
RMB	Renminbi, the official currency of China
RoC or Registrar of Companies	The Registrar of Companies, Maharashtra at Pune
R&D Act	The Research and Development Cess Act, 1986, as amended
Rupee or INR or ₹ or Rs.	Indian Rupee, the official currency of the Republic of India
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 ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
STT	Securities Transaction Tax
Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
Trademarks Act	The Trade Marks Act, 1999, as amended
US$ or USD or US Dollar	United States Dollar, the official currency of the United States of America
USA or U.S. or US	United States of America
U.S. GAAP	Accounting Principles Generally Accepted in the United States of America
U.S. Securities Act	The United States Securities Act, 1933
VAT	Value Added Tax
VCF	Venture Capital Funds as defined in and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996
Water Act	Water (Prevention and Control of Pollution) Act, 1974, as amended
Workmen's Compensation Act	The Workmen's Compensation Act, 1923, as amended

Industry Related Terms

Term	Description
CV	Commercial vehicles
DOHC	Double overhead cam engine
FOX, GTDI and Sigma	Fox , Gasoline Injection Turbo Injection and Sigma are the three projects, the production, operation and management of which is undertaken by NSPCCL.
IC Engine	Internal combustion engine
M&HCV	Medium & heavy commercial vehicles
OEM	Original equipment manufacturers
OHV	Overhead valve engine
PV	Passenger vehicle
SOHC	Single overhead cam engine
Tier I Supplier	Those camshaft suppliers providing camshaft castings or machined camshafts directly to the original equipment manufacturers
Tier II Supplier	Those camshaft suppliers providing camshaft castings to third party tier I suppliers
VVT	Variable valve timing

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, SEBI Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in "***Statement of Tax Benefits***", "***Industry Overview***", "***Regulations and Policies in India***", "***Financial Statements***", "***Outstanding Litigation and Material Developments***" and "***Main Provisions of the Articles of Association***", on pages 95, 109, 134, 170, 306 and 389, respectively, will have the meaning ascribed to such terms in these respective sections.

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. All references in this Draft Red Herring Prospectus to the **"U.S."**, **"USA"** or **"United States"** are to the United States of America.

Financial Data

Unless indicated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our Restated Unconsolidated Financial Statemements or Restated Consolidated Financial Statements as at and for the six month period ended September 30, 2014, fiscals 2014, 2013, 2012, 2011 and 2010, prepared in accordance with the Indian GAAP and the Companies Act, and restated in accordance with the SEBI ICDR Regulations.

Our Company's fiscal 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 fiscal year are to the 12 month period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year. The fiscal year of our Subsidiary and Joint Ventures commences on January 1 and ends on December 31.

There are significant differences between the Indian GAAP, the IFRS and the U.S. GAAP. The reconciliation of our Restated Financial Statements to IFRS or U.S. GAAP has not been provided in this Draft Red Herring Prospectus. We have not attempted to explain those differences or quantify the impact of the IFRS or the U.S. GAAP on the financial data included in this Draft Red Herring Prospectus, and it is urged that you consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Restated Financial Statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices, the Indian GAAP, the Companies Act and the SEBI ICDR Regulations on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

Unless otherwise indicated, any percentage amounts, as set forth in "***Risk Factors***", "***Our Business***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 12, 120 and 276, respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of our Restated Financial Statements.

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

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Draft Red Herring Prospectus has been obtained from various industry publications and sources, such as Automobile Camshaft Industry dated December, 2014 issued by ICRA Limited or derived from publicly available information. Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. 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 or the BRLMs or any of their affiliates or advisors. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data presented in this Draft Red Herring Prospectus is meaningful depends upon the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "***Risk Factors***" on page 12. Accordingly, investment decisions should not be based solely on such information.

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 "**US$**", "**U.S. Dollar**", "**USD**" or "**U.S. Dollars**" are to United States Dollars, the official currency of the United States of America. All references to "**Renminbi**" or "**RMB**" are to the official currency of China. All references to "**€**" or "**EUR**" are to Euro, the official currency of European Union's member states. All references to "**GBP**" are to Pound Sterling, the official currency of United Kingdom. All references to "**Yen**" or "**JPY**" are to the Japanese yen, the official currency of Japan.

All figures have been expressed in millions, which means, '10 lakhs'. However, where any figures that may have been sourced from third-party industry sources are expressed in denominations other than millions in their respective sources, such figures appear in this Draft Red Herring Prospectus expressed in such denominations as provided in such respective sources.

Exchange Rates

This Draft Red Herring Prospectus contains conversions of certain other currencies 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 between (i) U.S. Dollars, Renminbi, Euro, Pound Sterling and Japanese Yen; and (ii) Rupees as on September 30, 2014, March 28, 2014, March 28, 2013, March 30, 2012, March 31, 2011 and March 31, 2010 are provided below.

(in ₹)

Currency	Exchange rate as on September 30, 2014	Exchange rate as on March 28, 2014*	Exchange rate as on March 28, 2013**	Exchange rate as on March 30, 2012***	Exchange rate as on March 31, 2011	Exchange rate as on March 31, 2010
USD	61.61	60.10	54.39	51.16	44.65	45.14
RMB	10.00	9.76	8.67	8.25	6.91	6.59
EUR	78.21	82.58	69.54	68.34	63.24	60.56
GBP	100.28	99.85	82.32	81.80	71.93	68.03
100 Yen	56.36	58.83	57.76	62.43	54.02	48.44

*Source: Reserve Bank of India ("**RBI**"), www.oanda.com*

** Not available for March 29, 2014, March 30, 2014 and March 31, 2014 on account of holidays.*

*** Not available for March 29, 2013, March 30, 2013 and March 31, 2013 on account of holidays.*

**** Not available for March 31, 2012 on account of it being a holiday.*

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain forward-looking statements. These forward looking statements generally can be identified by words or phrases such as "***aim***", "***anticipate***", "***believe***", "***expect***", "***estimate***", "***intend***", "***objective***", "***plan***", "***project***", "***will continue***", "***seek to***", "***will pursue***" or other words or phrases of similar import. Similarly, statements which describe our strategies, objectives, plans or goals are also 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 being 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, including, but not limited to:

- Dependence on a limited number of customers and any loss of a major customer or significant reduction in production and sales of, or demand for our production from our significant customers;
- Failure to comply with strict quality requirements that we are subject to;
- Any inability to successfully diversify our product offerings;
- Foreign currency exchange rate fluctuations;
- Volatility in the supply and pricing of our raw materials;
- Any inability to successfully develop or procure specialized technology;
- A significant dependence on our exports to our international customers and risks inherent in international sales and operations;
- Expansion of existing capacities has a long gestation period and requires substantial capital outlay before we realize any benefits or returns on investments;
- Geographical concentration of our manufacturing facilities may restrict our operations and adversely affect our business and financial condition; and
- Slowdown in the automotive sector, particularly the passenger vehicle market and any adverse changes in the conditions affecting these markets.

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 12, 120 and 276, 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 materially differ from those that have been estimated. Forward-looking statements reflect our current views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. Although we believe that the assumptions on which such statements are based are reasonable, any such assumptions as well as the statement based on them could prove to be inaccurate.

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

SECTION II - RISK FACTORS

*An investment in equity securities involves a high degree of risk. You should carefully consider all of the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. To obtain a complete understanding, you should read this section together with "**Our Business**" and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" on pages 120 and 276, respectively, as well as the other financial and statistical information contained in this Draft Red Herring Prospectus.*

Any of the following risks as well as the other risks and uncertainties discussed in this Draft Red Herring Prospectus could have a material adverse effect on our business, financial condition, results of operations and cash flows and could cause the trading price of our Equity Shares to decline, which could result in the loss of all or part of your investment. The risks and uncertainties described in this section are not the only risks that we currently face. Additional risks and uncertainties not known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations, financial condition and cash flows.

This Draft Red Herring Prospectus contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the effect is not quantifiable and hence has not been disclosed in such risk factors. You should not invest in this offering unless you are prepared to accept the risk of losing all or part of your investment, and you should consult your tax, financial and legal advisors about the particular consequences to you of an investment in the Equity Shares.

The financial information in this section is derived from our Restated Financial Statements as at and for six month period ended September 30, 2014 and the years ended March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 and March 31, 2010.

Internal Risk Factors

Risks Relating to Our Business

1. We depend on a limited number of customers for significant portions of our revenues. The loss of one or more of our significant customers or significant reduction in production and sales of, or demand for our production from our significant customers may adversely affect our business, financial condition, result of operations and cash flows.

A significant proportion of our revenues have historically been derived from a limited number of customers. Our significant customers, on a consolidated basis, for the six month period ended September 30, 2014 and for fiscals 2014, 2013 and 2012 include General Motors and Ford Motors, with General Motors contributing approximately 36.21%, 36.22%, 43.89% and 40.75% of our turnover (net), respectively and Ford Motors contributing 25.35%, 22.13%, 19.44% and 19.35% of our turnover (net), respectively, for such periods, across various geographical locations. For details in relation to transactions with such customers, see "***Our Business***" on page 120.

Most of the OEMs including many of our customers operate across diverse geographies and we supply our products in various geographies in which they operate. For instance, we supply camshafts to General Motors in Korea, Uzbekistan, United States of America, India, Austria and Brazil and to Ford Motors in Spain, India, United Kingdom and United States of America. As a result, loss of one or more of our significant customers operating in a particular region may result in a loss or non renewal of orders from that customer across other geographies in which it operates. The cumulative loss which may be suffered by us could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Further, there may be additional factors such as customers losing their market share, changing their sourcing strategy, replacing existing products with alternative products, etc. which may result in reduction of purchases made by our customers and consequently affect our business, financial condition, result of operations and cash flows.

2. *We are subject to strict quality requirements and any failure to comply with quality standards may lead to cancellation of existing and future orders.*

We currently specialize in manufacturing camshafts based on technical specifications and designs provided by our customers. Given the nature of our products and sector in which we operate, our customers have high and exacting standards for product quality and quantity as well as delivery schedules. Adherence to quality standards is a critical factor in our manufacturing process as any defects in camshafts manufactured by our Company or failure to comply with the design specifications of our customers may lead to cancellation of the supply orders placed by our customers or non-renewal of contracts or reduction in the volume of orders given to us. For instance, our purchase contracts with some of our customers contain provisions whereby our contracts automatically stand reduced to the extent the products are non-conforming with no further notice to our Company. Further, our agreements with one of our major customer contains a warranty provision which warrants or guarantees conformity of the products to specifications, drawings, samples or descriptions furnished by the customers and further warrants that products delivered will be merchantable, of good material and workmanship and free from any defect. Failure to deliver the products as per specifications of our customers may result in invocation of such warranties. See – "***Risk Factor 18 - We may be subject to risks associated with product liability, warranty and recalls***" on page 23. Further, any failure to make timely deliveries of products as per our customers' requirements could result in the cancellation or non-renewal of purchase contracts.

Additionally, prior to entering into the purchase contracts, there is a detailed review process that is undertaken by our customers. This involves inspection of the manufacturing facilities, review of the manufacturing processes, review of the raw materials, review of our financial capabilities, technical review of the designs and specification of the proposed product, review of our logistical capabilities across geographies, review of the target price by the purchase team of the customer and multiple inspection and review of prototypes of the product. The finished product delivered by us is further subject to engine and laboratory validation by our customers. This is an extensive and stringent process undertaken by our customers over a period of two to three years. Firm orders are placed only after our finished product conforms with the exact requirement of our customers and successfully passes all validations and quality checks. We are therefore subject to a stringent quality control mechanism at each stage of the manufacturing process and are required to maintain the quality and precision level for each product. As a result, we are required to incur significant expense to maintain our quality assurance systems such as periodic checking by the operators to ensure there is no defect from the previous stage operator, forming a separate team of engineers responsible for quality assurance both in the manufacturing facilities, plant and machineries, and in the manufacturing processes. We will continue to incur substantial portion of our future revenues to manage our product quality and to maintain our existing quality control which may impact our profitability.

3. *Our inability to successfully diversify our product offerings may adversely affect our growth and negatively impact our profitability.*

Presently, we primarily manufacture chilled cast iron camshafts. However, our recent experience indicates that there is a growing shift from chilled cast iron camshafts to assembled camshafts and ductile iron camshafts in the passenger vehicle segment of the automotive sector. As part of our growth strategy, we are diversifying and expanding our business operations from chilled cast iron camshafts to ductile iron camshafts and assembled camshafts and seek to foray into manufacture and supply of cam modules and sliding cams. We propose to utilize ₹ 2,000 million from the proceeds of the Fresh Issue towards setting up a new machine shop at Solapur, Maharashtra for manufacturing ductile iron camshafts. For details, see "***Objects of the Offer***" on page 82. We are also in the process of setting up a new machine shop at our Solapur facilities in Maharashtra which will specifically cater to manufacture of assembled camshafts. In the absence of sufficient customers for our products, there can be no assurance that we will be successful in selling the increased production of ductile camshafts or assembled camshafts. This may result in lower capacity utilization and adversely affect our business, financial condition and result of operations. As a result, we may not be able to achieve projected or satisfactory levels of sales, profits and/or return on investment on our new products since there is no assurance that we will receive orders from OEMs or that OEMs will be willing to shift their sourcing from existing manufacturers to us. Further, we cannot assure you that the transition of our manufacturing facilities and resources to fulfill production under new product programs will not impact production rates or other operational efficiency measures at our facilities.

Further, we have entered into an exclusive agreement with EMAG, a German machining and tooling process company, for licensing the 'Force Free Heat Shrink' process, which the provider has patented, in order to strengthen our foray into assembled camshafts and expand our business operations in the European market. However, there can be no assurance that we will be able to successfully implement or execute our arrangements with EMAG or in future be able to secure the necessary technological knowledge, through technology collaboration agreements or otherwise on such terms that are commercially profitable to us or at all, to enable us to develop products and to expand our product portfolio.

We further cannot assure you that we will succeed in effectively implementing new technology in manufacturing new products or that we will recover our investments. Any failure in the development or implementation of our operations is likely to adversely affect our business, results of operations and cash flows..

Venturing into a new product line may require methods of operations and marketing and financial strategies different from those currently employed in our Company, therefore we cannot assure you that we will be able to successfully develop our new product lines. Further, we will be subject to the risks generally associated with new product introductions and applications, including unproven know-how, unreliable technology, inexperienced staff, delays in product development and possible failure of products to operate properly.

4. We are exposed to foreign currency exchange rate fluctuations, which may harm our results of operations, impact our cash flows and cause our financial results to fluctuate.

Our financial statements are presented in Indian Rupees. However, our revenues and finance charges are influenced by the currencies of geographies where we manufacture and/or sell our products (for example, China, United States of America and Europe). The exchange rate between the Indian Rupee and these currencies, primarily the USD, has fluctuated in the past and our results of operations and cash flows have been impacted by such fluctuations in the past and may be impacted by such fluctuations in the future. For example, during times of strengthening of the Indian Rupee, we expect that our overseas sales and revenues will generally be negatively impacted as foreign currency received will be translated into fewer Indian Rupees. However, the converse positive effect of depreciation in the Indian Rupee may not be sustained or may not show an appreciable impact in our results of operations in any given financial period, due to other variables impacting our business and results of operations during the same period. Moreover, as a significant part of our long term borrowings are USD denominated, we expect that our cost of borrowing as well as our cost of raw materials and components incurred by our foreign Subsidiary and Joint Ventures may rise during a sustained depreciation of the Indian Rupee against the USD.

We may, therefore, suffer losses on account of foreign currency fluctuations for sale of our products to our international customers, since we may be able to revise the prices, for foreign currency fluctuations, only on a periodic basis and may not be able to pass on all losses on account of foreign currency fluctuations to our customers. Moreover, we may be required to reconfigure our loan portfolio from time to time, so as to effectively manage our finance charges.

While we currently hedge some of our foreign currency exchange risks by entering into forward exchange contracts and seek to hedge some of our future transaction by entering into similar transactions, any amount that we spend or invest in order to hedge the risks to our business due to fluctuations in currencies may not adequately hedge against any losses that we may incur due to such fluctuations. As on September 30, 2014, our total unhedged foreign currency receivables amounted to ₹ 826.16 million, our total unhedged foreign currency loans amounted to ₹ 1,808.02 million, while our total unhedged foreign currency payables amounted to ₹ 1,880.41 million, and the total value of our outstanding forward exchange contracts amounted to ₹ 116.21 million, on an unconsolidated basis.

5. Volatility in the supply and pricing of our raw materials may have an adverse effect on our business, financial condition and results of operations.

The principal raw materials used in our manufacturing process include resin coated sand, pig iron and industrial metal scraps. During the six month period ended September 30, 2014 and for fiscals 2014, 2013 and 2012 resin coated sand accounted for 39.31%, 39.60%, 37.72%, and 43.59% respectively, pig iron accounted for 23.74%, 23.23%, 22.21% and 24.72% respectively and industrial metal scraps accounted for 14.58%, 16.00%, 19.07% and 17.16% respectively of our total cost of raw material consumed, on a consolidated basis. We procure all these raw materials from third party suppliers in India at spot rate. We do not have long term agreements with any of our raw material suppliers and we purchase such raw materials on spot order basis. While we are not significantly dependent on any single raw material supplier, raw material supply and pricing can be volatile due to a number of factors beyond our control, including global demand and supply, general economic and political conditions, transportation and labor costs, labor unrest, natural disasters, competition, import duties, tariffs and currency exchange rates, and there are inherent uncertainties in estimating such variables, regardless of the methodologies and assumptions that we may use. Therefore, we cannot assure you that we will be able to procure adequate supplies of raw materials in the future, as and when we need them on commercially acceptable terms.

The volatility in commodity prices can significantly affect our raw material costs. According to the ICRA Research Report, although, the commodity prices internationally have been falling, since 2011, in the Indian context, the falling commodity prices have been accompanied by the depreciation of the Indian Rupee, resulting in the landed prices of our key raw materials growing between 2-10% in the last two years. Therefore, if we are not able to compensate for or pass on our increased costs to customers, such price increases could have a material adverse impact on our result of operations, financial condition and cash flows. Additionally, we may not be able to pass on every instance of increase in input cost and may have to pursue internal cost control measures since certain of our customers have an ability to terminate their contract with us and purchase goods from other suppliers in the event our goods do not remain competitive in terms of price, technology, etc.

Further, we do not have warehousing capabilities for raw materials at any of our manufacturing facilities and maintain an inventory stock which may only facilitate our operations for 1-3 days. As a result, in the event there is any disruption in the timely supply of our raw materials due to transportation strikes or any other external factors, we may not be able to dispatch our orders on time which may result in cancellation of orders, monetary claims, liabilities, costs and/or litigation, which would require us to expend considerable resources.

We are also dependent on our raw materials, parts, sub-assemblies, and components being of high quality and meeting relevant technical specifications and quality standards. Delivered materials may be defective and, as a result, we might face warranty and damages claims. Production errors may lead to product recalls which could also lead to compensation claims and significantly damage our reputation and the confidence of present and potential customers and could have an adverse effect on our business, financial condition, results of operations and cash flows. See – "***Risk Factor 18 - We may be subject to risks associated with product liability, warranty and recalls***" on page 23.

6. Our manufacturing process is dependent on a technology driven production system. Any inability to successfully develop or procure specialized technology will adversely affect our business, financial condition, result of operations and cash flows.

We believe that camshafts are a critical engine component and the automobile camshaft industry is a design and technology driven industry, which requires us to continuously invest in developing technologies, enhancing designing capabilities and undertaking research and development activities and in certain cases we depend on our strategic partners for procuring competitive technologies. For instance, we have recently entered into an exclusive agreement with EMAG, a German machining and tooling process company, for licensing the 'Force Free Heat Shrink', a process which the provider has patented in order to strengthen our foray into assembled camshafts and expand our business operations in the European market.

If we are unable to successfully manage our relationships with our technology partners or collaborators, our growth and profitability may suffer. Further, dependence on third-party technology partners could lead to increase in our expenditure for which there may not be any assured returns. Additionally, changes in industry requirements or in competitive technologies may render certain of our products obsolete or less attractive and require us to procure or develop modernized technology for which we may need to, in future, execute strategic arrangements with patent holders of patented technology or other partners.

We cannot assure you that we will be able to enter into any such technical assistance agreements or otherwise secure the necessary technological knowledge, which will allow us to develop products and to expand our product portfolio in a suitable 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, financial condition, results of operations and cash flows may be adversely affected.

7. A significant portion of our revenues are dependent on our exports to our international customers. Any failure to fulfil the requirements of our international customers may adversely affect our revenues, result of operations and cash flows.

In the six month period ended September 30, 2014 and for fiscal 2014, fiscal 2013 and fiscal 2012, export of camshafts to our overseas customers accounted for 79.16%, 77.35%, 70.74% and 69.02%, respectively of our consolidated turnover (net).

As a result, our operations are impacted by various risks inherent in international sales and operations, including:

- currency exchange rate fluctuations;
- regional economic or political uncertainty;
- currency exchange controls;
- differing accounting standards and interpretations;
- differing labor regulations;
- differing domestic and foreign customs, tariffs and taxes;
- current and changing regulatory environments;
- difficulty in staffing and managing widespread operations;
- coordinating and interacting with local representatives and counterparties to fully understand local business and regulatory requirements; and
- availability and terms of financing.

To the extent that we are unable to effectively manage our global operations and risks such as the above (in particular, as we implement our strategy to enter into new markets where we do not have local knowledge and resources), we may be unable to grow or maintain our sales and profitability, or we may be subject to additional unanticipated costs or legal or regulatory action. As a consequence, our business, financial condition, results of operations and cash flows may be adversely affected.

8. Expansion of existing capacities has a long gestation period and requires substantial capital outlay before we realize any benefits or returns on investments.

Our Company specializes in manufacturing camshafts based on specifications and designs provided by our customers. Each OEM and every product has a specific technical and product mix requirement. Our future contracts which contemplate change of technical requirements of existing OEMs or contracts for new products may require us to set up new facilities, develop suitable technologies and install and commission new equipment, which will require considerable capital infusion and time.

Prior to entering into the purchase contracts, there is a detailed review process that is undertaken by our customers. This involves inspection of our manufacturing facilities, review of our manufacturing processes, review of the raw materials, review of our financial capabilities, technical review of the designs and specification of the proposed product, review of our logistical capabilities across geographies, review of the target price by the purchase team of the customer and multiple inspection and review of prototypes of the product. The finished product delivered by us is further subject to engine and laboratory validation by our customers. As a result, for orders from new or existing customers for camshafts of such design and specification that we currently do not manufacture, we have a long realization cycle which may extend up to three years.

Further, the time and costs required in expansion of manufacturing facilities or setting up new facilities may be subject to substantial increases due to factors including shortages of, or increased market prices for, materials, equipment, skilled personnel and labor, adverse weather conditions, natural disasters labor disputes with contractors, accidents, changes in government priorities and policies, changes in market conditions, delays in obtaining the requisite licenses, permits and approvals from the relevant authorities and other unforeseeable problems and circumstances. We cannot assure you that we will be able to expand on time, within budget or at all or that the gestation period will not be affected by any or all of these factors. In addition, our ability to pass on any higher development costs to our customers is limited due to long-term contracts entered into by the Company, and expected to be enter into, with our customers. Any of these factors could adversely affect our business, financial condition, results of operations and cash flows.

9. Geographical concentration of our manufacturing facilities may restrict our operations and adversely affect our business and financial condition.

We have supplied and continue to supply our products to customers in different geographies in the world including Austria, Hungary, Spain, South Korea, United States of America, Brazil, India, the United Kingdom, Germany, Russia and China. However, we operate our business, including most of our production and manufacturing processes, out of facilities that are located in Solapur, Maharashtra. As a result, we rely on our strategic partners and marketing agencies and recruit additional skilled personnel, which help us maintain and develop strong relationships with our customers in different geographies and expand to new customers. For instance, in order to strengthen our business operations in Asia, we have recently entered into two joint ventures, both with Ningbo Shenglong Powertrain Company Limited ("**NSPCL**"), being Ningbo Shenglong PCL Camshafts Company Limited ("**NSPCCL**") for machining of camshafts and PCL Shenglong (Huzhou) Specialized Casting Company Limited *(*"**PSSCCL**") for setting up a foundry in China. We are also currently dependent on various marketing agencies including KorConsulting LLC for servicing our customers in North America, United Kingdom and Europe, Huppert Engineering for South American customers and T&G Auto-tec for South Korean customers.

Also, a considerable portion of our revenue is dependent on our exports and 79.16%, 77.35%, 70.74% and 69.02% of our consolidated turnover (net) was from export of camshafts to overseas customers in the six month period ended September 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012, respectively. Since, all exports of our Company are currently routed through our manufacturing facilities located in Solapur, Maharashtra and we do not own any trucks or commercial vehicles or shipping lines, we typically use third-party logistic providers for substantially all of our product distribution and as a result incur considerable expenditure on transportation of our products specially to our overseas customers. Our customers rely significantly on timely deliveries of our products and any delays in the delivery of a product can lead to clients delaying or refusing to pay the amount, in part or full, that we expect to be paid in respect of such product.

Additionally, if our existing facilities at Solapur, Maharashtra are harmed or rendered inoperable by natural or man-made disasters, including earthquakes, fire, floods, acts of terrorism and power outages, it may render it difficult or impossible for us to efficiently operate our business for some period of time which may adversely affect our business, financial condition, result of operations and cash flows.

10. Slowdown in the automotive sector, particularly the passenger vehicle market and any adverse changes in the conditions affecting these markets can adversely impact our business, results of operations, financial condition and cash flows.

Our business is heavily dependent on the performance and market trends of the automotive sector, particularly the passenger vehicle market. Since camshafts are one of the critical engine components, many OEMs manufacture camshafts in-house or through captive associates or joint ventures of the OEMs. While some OEMs such as General Motors, Ford Motors, Hyundai and Fiat have outsourced majority of their camshaft production, machining operations are still preferred in-house. In line with the general industry trend, we believe that more engine platforms will be outsourced to third party manufacturers including production and machining by the OEMs in the future. However, in case the OEMs decide to increase captive manufacturing of critical engine components including machining, our business, results of operations, cash flows and growth may be adversely affected.

The sales of our camshafts are directly related to the production and sales of automobiles by our major customers specifically in the passenger vehicle segment. Critical engine component production and sales may be affected by general economic or industry conditions, including seasonal trends in the automobile manufacturing sector, volatile fuel prices, rising employee expenses and challenges in maintaining amicable labor relations as well as evolving regulatory requirements, government initiatives, trade agreements and other factors. According to the ICRA Research Report, the global passenger vehicles sales volume declined for two consecutive years by 1.8% and 0.60% in 2008 and 2009, respectively, post the global economic slowdown of 2008. Excluding China, passenger vehicle sales worldwide shrunk by 3.0% in 2008 and 9.5% in 2009. Post 2010, while the automobile industry began to recover, the rate of growth was different in different geographies - while the markets in China recovered in 2010 due to various fiscal incentives, the markets in Japan witnessed growth only in 2012 post the impact of the Tsunami. Any economic downturn in the automobile manufacturing and sales, both globally and in regions, in which we operate, may significantly affect our revenues across periods and geographies.

11. We may be unable to fulfil the supply volume requirements of our customers or accurately forecast our revenues, production and sales volumes.

Our customer contracts are often general terms agreements that set out the key terms of agreement and although our contracts bind our customers for a certain period of time, they do not bind our customers to a specific product or specification or specific purchase volumes. Our customers do not typically place firm purchase orders until a short time before the date they expect our products. In addition, the general terms agreements generally allow a customer to give different specifications for a product by purchase order. For instance, our purchase contracts with one of our largest OEMs do not contain commitments for purchase of an agreed volume of goods and instead we rely on the delivery schedules to govern the volume, specifications of goods and other terms of our sales of products. This customer also has the ability to change the rate of scheduled shipments or direct temporary suspension of scheduled shipments without any modification to the price for goods or services. Consequently, there is no commitment on the part of our customers to continue to pass on new work orders to us and as a result, our sales from period to period may fluctuate depending upon our customers' requirements and as a result of changes in our customers' vendor preferences.

While our management maintains estimates of the likely production plans of customers by facility, and orders supplies and allocates production capacity on that basis, we are and will continue to be substantially dependent upon the purchase orders and indicative supply schedules or delivery schedules received from customers before the manufacturing and shipment of our products is due. Therefore, an unanticipated change in customer demand may adversely affect our liquidity and financial condition as a result of operating expenses that are relatively fixed and have been incurred by our Company.

We typically commit to order raw materials and bought-out components from our suppliers based on customer forecasts and orders. Cancellation by customers or delay or reduction in their orders or instances where anticipated orders fail to materialize can result in mismatch between our inventories of raw materials and bought-out components and of manufactured products, thereby increasing our costs relating to maintaining our raw material inventory and reduction of our margins, which may adversely affect our profitability and liquidity.

Further, since we do not have warehousing capabilities for raw materials at any of our manufacturing facilities, we maintain an inventory stock which may only facilitate our operations for 1-3 days. If there is any sudden increase in demand of our products by our customers, we may encounter problems procuring raw material in a timely manner and fail to deliver the product as ordered, or supply it as per our customers' schedule. Delays in the delivery of a product can lead to clients delaying or refusing to pay the amount, in part or full, that we expect to be paid in respect of such product. Even relatively short delays or surmountable difficulties in the delivery of a product could result in our failure to receive, on a timely basis or at all, all payments otherwise due to us in relation to the product. Any delay, reduction in scope, cancellation, execution difficulty, payment postponement or payment default or disputes with clients in respect of any of the foregoing, could materially harm our cash flow position, revenues and earnings.

12. We rely on third-party transportation providers for all of our product distribution and failure by any of our transportation providers to deliver our products on time or at all could result in lost sales.

We depend on various forms of transport, such as roadways and railways to receive input materials required for our products and to deliver our finished products to our customers. However, we do not own any trucks or commercial vehicles and typically use third-party logistic providers for all of our product distribution and input materials procurement. This makes us dependent on various intermediaries such as international, regional and domestic logistics companies, container freight station operators and shipping lines. Further, we undertake all our export activities from the Jawaharlal Nehru Port Trust located at Navi Mumbai, Maharashtra and are therefore heavily depend on the smooth functioning of the Jawaharlal Nehru Port Trust. Weather-related problems, strikes, or other events could impair our ability to deliver the requisite quantities of products in time to our customers including our Joint Ventures which may result in cancellation or non-renewal of purchase orders, and could adversely affect the performance of our business, results of operations and cash flows.

Disruptions of transportation services because of weather-related problems, strikes, inadequacies in the road or rail infrastructure, or other events could impair the ability of our suppliers to deliver input materials to us and our ability to deliver completed products to our customers in a timely manner. Further, since we do not have warehousing capabilities at any of our manufacturing facilities, we maintain an inventory stock which may only facilitate our operations for 1-3 days. As a result, in the event there is any disruption in the supply of our raw materials, performance of our business, results of operations and cash flows may be adversely affected.

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

13. Acquisitions and other strategic investments may expose us to uncertainties and risks, any of which could adversely affect our business, financial condition, result of operations and cash flows.

As a part of our growth strategy, we believe that strategic investments and acquisitions of businesses engaged in the critical engine component machining industry may act as an enabler for growing our business. Accordingly, we seek to acquire or make strategic investments in a company or business which is engaged in the same business as our current business or is engaged in the manufacturing of critical component machining in which we believe we have acquired significant domain knowledge based on our camshafts manufacturing experience.The process of integrating an acquired company, business or technology involves unforeseen difficulties and expenditure. The areas where we face risk include:

- diversion of management time and focus from operating our business to acquisition integration challenges;
- implementation or remediation of controls, procedures, and policies at the acquired company;
- integration of the acquired company's accounting, human resources and other administrative systems, and coordination of product, engineering, sales and marketing functions;
- transition of operations, users and customers onto our existing platforms;
- cultural challenges associated with integrating employees from the acquired company into our organization, and retention of employees from the businesses we acquire;
- liability for activities of the acquired company before the acquisition, including patent and trademark infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities;
- litigation or other claims in connection with the acquired company, including claims from terminated employees, customers, former stockholders or other third parties;
- failure to successfully further develop any acquired technology; and
- failure to obtain required approvals from governmental authorities on a timely basis, if it all, which could, among other things, delay or prevent us from completing a transaction, or otherwise restrict our ability to realize the expected financial or strategic goals of an acquisition.

Acquisitions inherently entail risks which may be presently unknown to us. For example, we may not be aware of (or have not been able to diligence) all of the risks associated with the acquisitions we may undertake in the future. It may be difficult for us to conduct a thorough independent due diligence review of non-public information about the target company. We cannot assure you that our reviews, diligence or inspections (or the relevant review, diligence or inspection reports on which we have relied) would have revealed all liabilities or other problems with the business of a target company. Further, following completion of an acquisition, we will need to make capital expenditures that may be significant to maintain the business we have acquired and to comply with regulatory requirements. If any unknown liabilities were to materialise or arise after the completion of the acquisition, it could have an adverse effect on our business and results of operations. Further acquisitions may not meet our expectations and the realization of the anticipated benefits may be blocked, delayed or reduced as a result of numerous factors, some of which are outside our control.

Finally, we may be unable to identify attractive acquisitions or investments, in which case our expansion would be entirely dependent upon organic growth.

14. We intend to utilize ₹ 2,000 million out of the Net Proceeds to establish a new machine shop at our manufacturing facilities at Solapur, Maharashtra. However, as on the date of this Draft Red Herring Prospectus, we have not received all statutory approvals, purchased or placed orders for any equipment.

We intend to use ₹ 2,000 million out of the Net Proceeds to establish a new machine shop for ductile iron camshafts at our EOU unit at Solapur, Maharashtra.

While our Board has approved the estimated capacity of 960,000 tons per annum for the new machine shop proposed to be established at Solapur, Maharashtra, these capacity estimates are not based on any independent third party reports. In addition, although we have received quotations from various suppliers, we have not yet purchased any equipment nor placed any orders for any equipment in relation to our planned expansion. For details, see "***Objects of the Offer***" on page 82. We may face time and cost overruns during the construction or implementation of the proposed facilities, including on account of increased costs of sourcing imported and other equipment (i.e. in excess of the estimates and quotations that we are currently relying on) or increased costs of labor or design, construction and commissioning of these projects, including on account of inefficiencies or delays by third party contractors and/or consultants appointed by us, or technical difficulties or adverse weather conditions during the construction phase. We may have only limited control over the timing and quality of services, equipment or other supplies from third party contractors and/or consultants appointed by us, and we may be required to incur additional unanticipated costs to remedy any defect or default in their services or products or to ensure that the planned timelines are adhered to.

Further, as and when we commission our planned manufacturing facilities, our raw material requirements and costs as well as our staffing requirements and employee expenses may increase and we may face other challenges in extending our financial and other controls to our new units as well as in realigning our management and other resources and managing our consequent growth.

Further, we will need to procure approvals such as, under the Factories Act, 1948, the Contract Labor (Regulation and Abolition) Act, 1970 (the "**CLRA Act**"), the Water Act and the Air Act from time to time.

In the event that the risks and uncertainties discussed above or any other unanticipated risks, uncertainties, contingencies or other events or circumstances limit or delay our efforts to use the Net Proceeds to achieve the planned growth in our business, the use of the Net Proceeds for purposes identified by our management may not result in actual growth of our business, increased profitability or an increase in the value of your investment in our Equity Shares.

15. We are subject to various law and regulations, in jurisdictions where we operate, including environmental and health and safety laws and regulations, which may subject us to increased compliance costs, which may in turn result in an adverse effect on our financial condition.

Our operations are subject to various international, national, state and local laws and regulations relating to the protection of the environment and occupational health and safety, including those governing the generation, handling, storage, use, management, transportation and disposal of, or exposure to, environmental pollutants or hazardous materials resulting from our manufacturing processes. For instance, we require approvals under the Water Act and the Air Act in order to establish and operate our manufacturing facilities in India, and registrations with the relevant tax and labor authorities in India. Our operations, facilities and properties in China are also subject local environmental and occupational health and safety laws and regulations, including those governing air emissions, wastewater discharge and the storage and handling of chemicals and hazardous substances and other Chinese laws. There can be no assurance that the relevant authorities will issue such permits or approvals in the timeframe anticipated by us or at all. Failure by us to renew, maintain or obtain the required permits or approvals may result in the interruption of our operations and may have a material adverse effect on our business, financial condition, results of operations and cash flows.

As on the date of this Draft Red Herring Prospectus, our Company has applied for but not received the following approvals or licenses:

Details	Date of Application
Application for renewal of consent to operate under the Water Act, the Air Act and the Hazardous Wastes (Management Handling and Transboundry) Rules provided in respect of our premises situated E-90, MIDC, Akkalkot Road, Solapur, Maharashtra for manufacture of camshaft casting (without electroplating, pickling, painting and chemical surface activities) with a maximum manufacturing	October 11, 2014

Details	Date of Application
capacity of 580 MT per month	
Application for No Objection Certificate for carrying out activities involving fire in the factory building	January 24, 2015
Application for consent to establish under the Water Act, the Air Act and the Hazardous Wastes Rules provided in favour of our machine shop for manufacturing ductile camshafts	February 1, 2015

Our Company has also applied to the trademark registry for renewal of its logo under class 12 and class 16 as appearing on the cover page of this Draft Red Herring Prospectus and such application is currently pending approval. For details, see "***Government and Other Approvals***" on page 313.

Additionally, we are required to adhere to certain terms and conditions provided for under the statutory and regulatory permits and approvals, some of which may require us to undertake substantial compliance-related expenditure.

We have been granted licences by the Maharashtra Pollution Control Board for our EOU unit and domestic unit – Unit I to conduct their operations, which are valid until May 31, 2015 and March 31, 2021, respectively.

These licenses set out various conditions that we have to comply with, including:

- Maximum quantities of hazardous goods that can be stored and handled at our facility;
- Maximum limit for daily sewage effluents and methods for sewage effluent disposal;
- Requirement to install a comprehensive control system consisting of control equipment in relation to the generation of emission and we are to maintain a certain standard in the level of pollutants;
- Monitor emissions and ensure that they do not cause any harm or nuisance to the surroundings;
- Requirement to bring minimum 33% of the available open land under green coverage or tree plantation; and
- Requirement to provide for an alternate electric power source sufficient to operate all pollution control facilities installed by us.

For details of our material permits and approvals, see "***Government and Other Approvals***" on page 313.

Breach or non-compliance with specified conditions may result in the suspension, withdrawal or termination of our approvals and registrations or the imposition of penalties by the relevant authorities. While we are not aware of any outstanding material claims or obligations, we may incur substantial costs, including clean up or remediation costs, fines and civil or criminal sanctions, and third-party property damage or personal injury claims, as a result of violations of or liabilities under environmental or health and safety laws or noncompliance with permits required at our facilities, which, as a result, may have an adverse effect on our business, financial condition and cash flows.

In addition, many of our customers operate from diverse geographies and are subject to or affected by a wide array of regulations in the jurisdictions where they operate, such as applicable environmental and health and safety laws and regulations. As a result of changes in regulations and laws relating to such sectors, our customers' operations may be disrupted or curtailed. The cost of compliance with such laws and regulations may also induce certain customers to discontinue or limit certain operations or discourage them from developing new opportunities. As a result of these factors, demand for our products may be negatively affected by regulations adversely impacting the industries and geographies in which our principal customers operate.

Further, any change in or expansion of the scope of the regulations governing our environmental obligations, in particular, would likely involve substantial additional costs, including costs relating to maintenance and inspection, development and implementation of emergency procedures and insurance coverage or other additional costs to address environmental incidents or external threats. Our inability to control the costs involved in complying with these and other relevant laws and regulations could have an adverse effect on our business, financial condition, results of operations and cash flows.

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

Our manufacturing activities are labour intensive, require our management to undertake significant labor interface, and expose us to the risk of industrial action. As at September 30, 2014, we had 1,676 employees on our rolls. We are also subject to a number of stringent labour laws that protect the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal and legislation that imposes financial obligations on employers upon retrenchment. There can be no assurance that we will not experience disruptions to our operations due to disputes or other problems with our work force such as strikes, work stoppages or increased wage demands, which may adversely affect our business. Our Company has recognized a registered labour union, Precision Valvetrain Kamgar Sanghatana at the EOU unit and two registered labour unions at the domestic unit being Solapur Zilla Mazdoor Sangh for the machine shop division and Workmen of the Foundry Division, Precision Camshafts Limited, for the foundry division, respectively. Our Company has entered into memorandum of settlement with all the three recognized trade unions. For details, see "***Our Business***" on page 120. While we consider our relations with our employees to be amicable, we have recently experienced certain labour tensions. For instance, our Company has faced labour disruptions as a result of stoppage of work by five workers from November 14, 2013 to November 15, 2013 which resulted in loss of production and for which we have initiated labour proceedings. We are also currently defending certain claims on account of alleged illegal lay-off initiated by Solapur Zilla Mazdoor Sangh (registered union) and alleged non payment of wages and alleged unfair dismissal and discharge of employment by certain workers of our Company. For details, see "***Outstanding Litigation and Other Material Developments***" on page 306. If labour laws become more stringent or are more strictly enforced, it may become difficult for us to maintain flexible human resource policies, discharge employees or downsize, any of which could have an adverse effect on our business, financial condition, results of operations and cash flows.

We also enter into contracts with independent contractors who, in turn, engage on-site contract labour to perform certain operations. Although we generally do not engage such labour directly, it is possible under Indian law that we may be held responsible for wage payments to the labour engaged by contractors should the contractors default on wage payments. Any requirement to fund such payments will adversely affect us, our business, financial condition, results of operations and cash flows. Furthermore, under the CLRA, we may be required to absorb a portion of such contract labour as permanent employees. Any order from a regulatory body or court requiring us to absorb such contract labour may have an adverse effect on our business, financial condition, results of operations and cash flows.

17. There is outstanding litigation involving our Company, which, if determined adversely, may affect their business and operations and our reputation.

Our Company is involved in certain legal proceedings at different levels of adjudication before various courts, tribunals and appellate authorities. In the event of adverse rulings in these proceedings or consequent levy of penalties by other statutory authorities, our Company may need to make payments or make provisions for future payments, which may increase expenses and current or contingent liabilities and also adversely affect our reputation.

Brief details of such outstanding litigation as on the date of this Draft Red Herring Prospectus are set forth hereunder.

(₹ in million)

Nature Of Proceedings	Number Of Proceedings	Amount Involved To The Extent Ascertainable
Litigation against our Company		
Labour Matters	5	2.48
Income Tax	3	8.90
Central Excise Tax	3	2.29
Other Matters	1	3.18
Litigation by our Company		
Criminal Matters	1	-
Labour Matters	1	1.45

We cannot assure you that any of the legal proceedings described above will be decided in favour of our Company. Further, the amounts claimed in these proceedings have been disclosed to the extent ascertainable, excluding contingent liabilities and include amounts claimed. Should any new developments arise, such as a change in Indian law or rulings by appellate courts or tribunals, additional provisions may need to be made by us in our financial statements, which may adversely affect our business, financial condition, cash flows and reputation. For further information, see "***Outstanding Litigation and Material Developments***" on page 306.

18. We may be subject to risks associated with product liability, warranty and recalls.

We are subject to risks and costs associated with product liability, warranties and recalls, supply of defective products, parts, or related after-sales services provided by us within the warranty periods stipulated in our contracts. Most of our agreements contain a warranty provision which warrants or guarantees conformity of the products to specifications, drawings, samples or descriptions furnished by our customers and further warrants that the products delivered will be merchantable, of good material and workmanship and free from any defect. The warranty period in our customer contracts is generally determined as per applicable law, however, the warranty period may stand extended for such longer period as buyer may offer to its customers for goods installed on vehicles.

Any defects in the finished products may result in invocation of such warranties and may lead to monetary claims, liabilities, costs and/or litigation, which would require us to expend considerable resources. There can be no assurance that we will be able to successfully defend or settle the product liability claims and lawsuits to which we are and in the future may be subject. Any product liability claims against us could generate adverse publicity, leading to a loss of reputation, customers and/or increase our costs, thereby materially and adversely affecting our business, results of operations, financial condition and cash flows.

19. We face competition in our product line, including from competitors that may have greater financial and marketing resources. Failure to compete effectively may have an adverse impact on our business, financial condition, results of operations and cash flows.

We believe that we operate in a highly competitive industry. As OEMs are increasingly affected by innovation and cost-cutting pressures from competitors, they seek price reductions throughout the term of the contract with their suppliers. In particular, vehicle manufacturers at times expect lower prices from suppliers for the same, and in some cases even enhanced, functionality, as well as a consistently high product quality. If we are unable to offset price reductions through improved operating efficiencies and reduced expenditures, price reductions could negatively impact our profit margins and cash flows.

Our competitors may pursue an aggressive pricing policy and offer conditions to customers that are more favourable than those that we offer. Increased consolidation among our competitors or between our competitors and any of our OEM customers could allow competitors to further benefit from economies of scale, offer more comprehensive product portfolios and increase the size of their serviceable markets. This could require us to accept considerable reductions in our profit margins and the loss of market share due to price pressure. Furthermore, competitors may gain control over or influence our suppliers or customers by shareholdings in such companies, which could adversely affect our supplier relationships.

Competition in the global critical engine component industry is likely to further intensify in view of the continuing globalization and consolidation in the automotive industry. Competition is especially likely to increase in the premium automotive categories as each market participant intensifies its efforts to retain its position in established markets while also developing a presence in emerging markets. The factors affecting competition include product quality and features, innovation and product development time, ability to control costs, pricing, reliability, safety, fuel economy, customer service and financing terms. Some of our competitors may have certain advantages, including greater financial resources, technology, research and development 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 cash flows.

20. Our growth is dependent on a continuing relationship with our strategic partners and forming suitable alliances in future. Any inability to successfully identify and form appropriate alliances, will adversely affect our growth strategy.

We believe that our efforts at diversifying into new product portfolios and into new domestic or international markets can be facilitated by entering into strategic alliances with partners whose operations, resources, capabilities and strategies are complementary to our Company. Our alliance partners either support our expansion in various geographical areas or typically possess significant patents or other technology which are licensed to us. For instance, we had in past entered into an alliance with G Clancey Limited, a European manufacturer of camshafts, to set up our operations in the European market which was subsequently terminated pursuant to our Company purchasing shares held by G Clancey Limited in the joint venture. We have recently entered into an exclusive agreement with EMAG, a German machining and tooling process company in order to strengthen our foray into assembled camshafts and expand our business operations in the European market. We also have two joint ventures in China, NSPCCL and PSSCCL, both with NSPCL, formed to strengthen our business operations in Asia. For details, see "***History and Certain Corporate Matters***" on page 142.

In order to achieve global growth and recognition, we will have to maintain our existing alliance and take initiatives to enter into similar alliances. While our relationships with our strategic partners have been good, we may face unforeseen difficulties as a result of any disagreements with our joint venture partners or other collaborators on various matters including the conduct of business and operations specifically in cases where alliances are formed or joint ventures are located in a different jurisdiction. We cannot assure you that we will be able to resolve such disputes in a manner that will be in our best interests. If we are unable to successfully manage relationships with our joint venture partners or other collaborators, our growth and profitability may suffer. Our reliance on strategic partners or other collaborators may increase in sectors where we have limited experience. Any of these factors could adversely affect our business, financial condition, results of operations, cash flows and business prospects.

Additionally, we cannot assure you that we will succeed in identifying suitable partners, strategic growth opportunities or to complete such transactions on commercially viable terms in the future. Any such inability may adversely affect our competitiveness or growth prospects.

21. Failure or disruption of our IT and/or ERP systems may adversely affect our business, financial condition, results of operations, cash flows and prospects.

We have implemented various information technology ("**IT**") and/or enterprise resource planning ("**ERP**") solutions to cover key areas of our operations. We are dependent on technology in relation to customer order management and dispatches, production planning and reporting, manufacturing processes, financial accounting and scheduling raw material purchase and shipments. We rely on our IT infrastructure to provide us with connectivity and data backup across our locations and functions. While the ERP solutions that we have implemented have enabled us to improve our working capital cycles, despite an increase in our sales over the period, we can provide no assurance that we will be able to do so in the future.

We believe that we have deployed adequate IT disaster management systems including data backup and retrieval mechanisms, in all our facilities. However, 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 analyze work in progress and sales, process financial information, manage our creditors, debtors and hedging positions, or otherwise conduct our normal business operations, which may increase our costs and otherwise adversely affect our business, financial condition, results of operations and cash flows.

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

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

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

23. Our indebtedness and the conditions and restrictions imposed on us by our financing agreements could adversely affect our ability to conduct our business.

As on January 31, 2015 we had total secured loans of ₹ 1,726.66 million on a consolidated basis. We may incur additional indebtedness in the future. Our indebtedness could have several important consequences, including but not limited to the following:

- a portion of our cash flow will be used towards repayment of our existing debt, which will reduce the availability of cash to fund working capital needs, capital expenditures, acquisitions and other general corporate requirements;
- our ability to obtain additional financing in the future at reasonable terms may be restricted;
- fluctuations in market interest rates may affect the cost of our borrowings, as our loans are at variable interest rates;
- currency exchange rate fluctuations for our external commercial borrowings; and
- we may be more vulnerable to economic downturns, may be limited in our ability to withstand competitive pressures and may have reduced flexibility in responding to changing business, regulatory and economic conditions.

Most of our financing arrangements are secured by our movable assets and by certain immovable assets. Our accounts receivables and inventories, including certain machinery and equipment, are subject to charges created in favor of specific secured lenders. Many of our financing agreements also include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. Typically, restrictive covenants under financing documents of our Company relate to obtaining prior consent of the lender for, among others:

- effecting any changes in capital structure;
- any change in management, constitution or control of our Company;
- formulating any scheme of amalgamation, merger or reconstruction;
- invest by way of debt or equity with any third party other than in normal course of business; or
- undertake guarantee obligations on behalf of our Company.

For further details of the restrictive covenants under financing documents of our Company, see "***Financial Indebtedness***" on page 302. Failure to meet these conditions or obtain these consents could have significant consequences for our business.

Any failure to service our indebtedness, perform any condition or covenant or comply with the restrictive covenants could lead to a termination of one or more of our credit facilities, acceleration of amounts due under such facilities and cross-defaults under certain of our other financing agreements, any of which may adversely affect our ability to conduct our business and have a material adverse effect on our business, financial condition, results of operations and cash flows.

24. Increases in interest rates may materially impact our results of operations.

Substantially all of our secured debt carries interest at floating interest rates or at rates that are subject to adjustments at specified intervals. We are exposed to interest rate risk in respect of contracts for which we have not entered into any swap or interest rate hedging transactions, although we may decide to engage in such transactions in the future. We may further be unable to pass any increase in interest expense to our existing customers. Any such increase in interest expense may have a material adverse effect on our business, financial condition, results of operations and cash flows. Furthermore, if we decide to enter into agreements to hedge our interest rate risk, there can be no assurance that we will be able to do so on commercially reasonable terms, that our counterparties will perform their obligations, or that these agreements, if entered into, will protect us fully against our interest rate risk.

25. We are required to comply with several regulatory compliance requirements in India. Any non-compliance of such regulatory requirements may result in penalties being imposed on us, our Directors and our officers in default.

Companies in India are subject to several statutes, regulations and rules, some of which may involve varied interpretations and application of law. We are subject to laws specific to the industry in which we operate, as well as laws generally governing business in India. For instance, we are required to comply *inter alia* with the provisions of the Companies Act, 1956, certain provisions of which have been replaced and superseded by the Companies Act, 2013 along with the rules notified thereunder. Any non-compliance with regulatory requirements in India or any adverse interpretation of law in such jurisdictions, may result in civil or criminal penalties, including monetary penalties being imposed.

For instance, in August 2013, the equity shares of our Company which were held by Tata Capital Financial Services Limited, one of the erstwhile shareholders of our Company were acquired by CTL, one of our Group Companies. On or about the same time, our Company subscribed to certain preference shares issued by CTL. Our Company had at the time of this transaction obtained an opinion from a practising company secretary that such acquisition of equity shares of our Company by CTL was in accordance with the relevant provisions of the Companies Act, 1956.

However, we cannot assure you that we will not be penalised in future in case there is any difference in interpretation by any competent authority. If any adverse order is passed against our Company on any such matter in future or in case the regulatory authorities take any adverse interpretation of the applicable laws against our Company, we may be required to compound and/or pay penalty under the applicable laws and the relevant officers in default may also be subject to such sanctions.

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

Although we have generally supplied our products to our customers for a long period of time, our supply contracts do not provide for the purchase of a minimum quantity of products. Additionally, our purchase orders and purchase contracts do not provide for any compensation if there is any shortfall in demand for the relevant vehicle model being manufactured leading to a consequent reduction in the demand for our products. 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, financial condition, results of operations and cash flows. Demand for a particular vehicle model may from time-to-time fluctuate sharply, which could have an adverse effect on our business, financial condition, result of operations and cash flows.

27. Most of the immovable properties used by us are leased. If we or our business partners are unable to renew existing leases or relocate operations on commercially reasonable terms, there may be an adverse effect on our business, financial condition, result of operations and cash flows.

We do not own most of the premises on which we operate. The premises on which our Registered Office, Corporate Office and manufacturing facilities are located at Solapur, Maharashtra, have been leased to our Company by Maharashtra Industrial Development Corporation ("**MIDC**") under various long term lease agreements. The premise on which our branch office is located in Pune, Maharashtra, has been leased to us by certain individuals under leave and license agreement dated September 1, 2014 for a period of 3 years. For details, see "***Our Business***" on page 120.

Our Subsidiary, PCL (Shanghai) Company Limited operates from an office located in Shanghai, China which is leased from an individual pursuant to a lease agreement dated August 1, 2013. Further, our Joint Venture, NSP operates from an office in China, leased from NSPCL and PCSSCCL operates from a facility in China which is leased from Huzhou Shenglong Automotive Powertrain System Company Limited and Huzhou Shenglong Industrial Technologies Company Limited.

There can be no assurance, that we will be able to continue to occupy the said premises in the future. If any of the leases are terminated for any reason or are not renewed on favorable terms or at all, we may suffer a disruption in our operations or increased costs, or both, which may adversely affect our business, financial condition, results of operations and cash flows.

28. An inability to manage our growth could disrupt our business and reduce our profitability.

We have experienced growth in recent years and expect our business to continue to grow as we gain greater access to financial resources. We have been able to increase our consolidated turnover (net) from fiscal 2010 to fiscal 2014 at a CAGR of 24.90%. We expect this growth to place significant demands on us and require us to continuously evolve and improve our operational, financial and internal controls across our organization. In particular, continued expansion increases the challenges involved in:

- making accurate assessments of the resources we will require;
- preserving a uniform culture, values and work environment across our projects;
- developing and improving our internal administrative infrastructure, particularly our financial, operational, communications, internal control and other internal systems;
- acquiring new customers and increasing or maintaining contribution from existing customer;
- recruiting, training and retaining sufficient skilled management, technical and marketing personnel;
- maintaining high levels of client satisfaction; and
- adhering to expected performance and quality standards.

Any inability to manage the above factors may have a material adverse effect on our business, financial condition, results of operations and cash flows.

29. Our Promoters are first generation entrepreneurs and investors in the Equity Shares will be subject to all consequential risk associated with such ventures.

Our Promoters, Mr. Yatin Shah and Dr. Suhasini Shah, who have been managing our Company since inception, are first generation entrepreneurs and do not have any prior experience in manufacturing camshafts. While our Promoters and members of our senior management team are all professionally qualified and experienced and have auto component domain knowledge, our experience in manufacturing new product lines and expand in certain geographies outside India, is relatively limited at present. Further, as we seek to diversify our focus, we may face the risk that our competitors may be better known in other markets and enjoy better relationships with customers and international joint venture partners. As a result, we may not be able to efficiently manage or sustain our growth, as our operations expand. Further, if our Promoters were to be unable or unwilling for any reason to continue their association with our Company, we may find it difficult to replace them and our future performance would be materially and adversely affected.

30. We are dependent on a number of key personnel and the loss of such persons, or our inability to attract and retain key personnel in the future, could adversely affect our business, growth prospects, results of operations and cash flows.

Our ability to meet future business challenges depends on our ability to attract, recruit and retain talented and skilled personnel. We are highly dependent on our Promoters, our Directors, senior management and other key personnel, including skilled project management personnel. Our management and technical personnel are supported by other skilled workers who benefit from regular in-house training initiatives and they are also supported by external consultants with significant industry experience in different geographies who are not permanent employees of our Company. The loss of any of our Promoters, our Directors, senior management, external consultants or other key personnel, or an inability to manage the attrition levels in different employee categories may materially and adversely impact our business, growth prospects, results of operations and cash flows.

We face competition to recruit and retain skilled and professionally qualified staff. Due to the limited availability skilled personnel, competition for senior management and skilled engineers in our industry is intense. We may experience difficulties in attracting, recruiting and retaining an appropriate number of managers and engineers for our business needs. The risk could be heightened to the extent we invest in business of geographical regions in which we have limited experience. We may also need to increase our pay structures to attract and retain such personnel. Our future performance will depend upon the continued services of these persons.

31. Our insurance coverage may not adequately protect us against all material hazards.

Our Company has covered itself against certain risks. Our significant insurance policies consist of fire and special perils insurance, marine cargo insurance and employees' compensation insurance. While we believe that the insurance coverage that we maintain is in accordance with industry custom, there can be no assurance that any claim under the insurance policies maintained by us will be honored fully, in part or on time, or that we have taken out sufficient insurance to cover all material losses. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, that is not covered by insurance or exceeds our insurance coverage, the loss would have to be borne by us and our cash flows, results of operations and financial performance could be adversely affected.

32. Activities involving our manufacturing process can be dangerous and can cause injury to people or property in certain circumstances. A significant disruption at any of our manufacturing facilities may adversely affect our production schedules, costs, sales and ability to meet customer demand.

Our business operations are subject to hazards such as risk of equipment failure, work accidents, fire or explosion and require individuals to work under potentially dangerous circumstances or with flammable materials. Although we employ safety procedures in the operation of our facilities and maintain what we believe to be adequate insurance, there is a risk that an accident or death may occur in one of our facilities. An accident may result in destruction of property or equipment, environmental damage, manufacturing or delivery delays, or may lead to suspension of our operations and/or imposition of liabilities. Any such accident may result in litigation, the outcome of which is difficult to assess or quantify, and the cost to defend litigation can be significant. As a result, the costs to defend any action or the potential liability resulting from any such accident or death or arising out of any other litigation, and any negative publicity associated therewith, may have a negative effect on our business, financial condition, results of operations, cash flows and prospects.

In particular, if operations at our manufacturing facilities were to be disrupted as a result of any significant workplace accident, equipment failure, natural disaster, power outage, fire, explosion, terrorism, adverse weather conditions, labor dispute, obsolescence or other reasons, our financial performance may be adversely affected as a result of our inability to meet customer demand or committed delivery schedules for our products.

Interruptions in production may also increase our costs and reduce our sales, and may require us to make substantial capital expenditures to remedy the situation or to defend litigation that we may become involved in as a result, which may negatively affect our profitability, business, financial condition, results of operations, cash flows and prospects.

33. 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, financial condition and cash flows.

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 of equipment or machinery, labour disputes, natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. 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 can impose significant penalties on us for any delayed delivery of products or a defect in the products delivered. In the past, our Company has faced labour disruptions as a result of stoppage of work by five workers from November 14, 2013 to November 15, 2013 which resulted in loss of production. For details, see "***Outstanding Litigation and Material Developments***" on page 306.

We also require substantial electricity for our manufacturing facilities most of which is sourced from local utilities either directly or through trading licensees approved by Central Electricity Regulatory Commission. If supply is not available for any reason, we will need to rely on alternative sources, which may not be able to consistently meet our requirements. The cost of electricity purchased from alternative sources could be significantly higher, thereby adversely affecting our cost of production and profitability. The cost of supplies may otherwise increase in the future. If for any reason such electricity is not available, including for expansion our plants, 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.

Our business and financial results may be adversely affected by any disruption of operations of our product lines, including as a result of any of the factors mentioned above.

34. Our contingent liabilities as stated in our Restated Consolidated Financial Statements could adversely affect our financial condition.

As of September 30, 2014, the following contingent liabilities disclosed as per Accounting Standard – 29 as stated in our Restated Consolidated Financial Statements:

(₹ in million)

Sl. No.	Contingent Liabilities and Commitments	Amount
1.	Excise Duty	2.08
2.	Service Tax	0.07
3.	Provident Fund	1.21
4.	Claims against the Company not acknowledged as debts	3.18
	Total	**6.54**

In the event, that any of these contingent liabilities or a material proportion of these contingent liabilities materialize, our future financial condition, result of operations and cash flows may be adversely affected.

For details, see "***Financial Statements – Annexure XVI – Restated Consolidated Statement of Contingent Liability***" on page 266.

35. Certain of our Promoters, Directors have interests in our Company other than reimbursement of expenses incurred and normal remuneration or benefits.

Certain of our Promoters and Directors may be regarded as having an interest in our Company other than reimbursement of expenses incurred and normal remuneration or benefits. Certain Directors and Promoters may be deemed to be interested to the extent of Equity Shares held by them and by members of our Promoter Group, as well as to the extent of any dividends, bonuses or other distributions on such Equity Shares.

While, in our view, all such transactions that we have entered into are legitimate business transactions conducted on an arms' length basis, we cannot assure you that we could not have achieved more favorable terms had such arrangements not been entered into with related parties or that we will be able to maintain existing terms, in cases where the terms are more favorable than if the transaction had been conducted on an arms-length basis. For instance, Mr. Yatin Shah, Managing Director is also interested in relation to lease rentals paid by the Company for its property located at Koregaon Park, Pune used as a guest house. For more information, see "***Our Management***" and "***Our Business***" on pages 153 and 120 respectively. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, prospects, result of operations, financial condition and cash flows, including because of potential conflicts of interest or otherwise. For more information on our related party transactions, see "***Financial Statements – Annexure XIX - Restated Consolidated Statement of Related Party Transactions***" on page 270 prepared in accordance with Accounting Standard -18.

Further, the Companies Act, 2013 has brought into effect certain significant changes providing for stringent compliance requirements for related party transactions. For further details, see – *"**Risk Factor 48 - Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, financial condition, results of operations and cash flows.**"* on page 33. Further, SEBI has recently issued revised corporate governance guidelines by amending Clause 49 of the equity listing agreement. Pursuant to these guidelines and the Companies Act, 2013, our Company is, *inter alia*, required to obtain prior approval of all our shareholders through special resolution for all future material related party transactions where any person or entity that is related to our Company will be required to abstain from voting on such resolutions. We may face difficulties in entering into related party transactions in future due to these new requirements which may adversely affect our business, results of operations and cash flows.

36. Conflicts of interest may arise out of common business objects shared by our Company and one of our Group Entities.

Our Group Entity, CTL, is authorized to carry out, or engage in common business objects with our Company. As a result, conflicts of interests may arise in allocating business opportunities between our Company and CTL in circumstances where our respective interests diverge. In cases of conflict, our Promoters may favour CTL in which our Promoters have interests. Further, there can be no assurance that our Promoters or our Group Entities or members of the Promoter Group will not compete with our existing business or any future business that we may undertake or that their interests will not conflict with ours. Any such present and future conflicts could have a material adverse effect on our reputation, business, result of operations, cash flows and financial condition. While we have entered into a non-compete arrangement with CTL requiring them to take prior consent from our Company prior to undertaking or executing any orders or activities that our Company intends to undertake or is currently carrying out, such non-compete arrangements may be deemed to be non-enforceable under Indian law.

37. Our management will have broad discretion in how we apply the Net Proceeds, including interim use of the Net Proceeds, and there is no assurance that the Objects of the Offer will be achieved within the time frame expected or at all, or that the deployment of the Net Proceeds in the manner intended by us will result in any increase in the value of your investment.

We intend to use the Net Proceeds for the purposes described under "***Objects of the Offer***" on page 82. The Objects of the Offer include setting up of a new machine shop for manufacturing ductile iron camshafts at our EOU Division. Our funding requirements and the deployment of the Net Proceeds are based on management estimates and have not been appraised and will not be monitored by any bank, financial institution or other independent agency. In response to the dynamic nature of our business, our management will have broad discretion to revise our business plans, estimates and budgets from time to time. Consequently, our funding requirements and deployment of funds may change, which may result in rescheduling of the proposed utilization of the Net Proceeds and increasing or decreasing expenditure for a particular activity, subject to compliance with applicable law and the investment policies approved by our management. Furthermore, pursuant to Section 27 of the Companies Act 2013, any variation in the objects would require a special resolution of the shareholders and the promoter or controlling shareholders will be required to provide an exit opportunity to the shareholders who do not agree to such proposal to vary the Objects in accordance with the Articles of Association of our Company and as may otherwise be prescribed by the SEBI.

In the case of increase in actual expenses or shortfall in requisite funds, additional funds for a particular activity will be met by means available to us, including internal accruals and additional equity and/or debt arrangements. If actual utilization towards the Objects is lower than the proposed deployment, such balance will be used for future growth opportunities, and general corporate purposes. If estimated utilization of the Net Proceeds is not completely met in a fiscal year, it shall be carried forward.

Further, our management will have significant flexibility in temporarily investing the Net Proceeds and there can be no assurance that we will earn significant interest income on, or that we will not suffer unanticipated diminution in the value of, such temporary investments.

38. Our Company's ability to pay dividends in the future will depend on our future cash flows, working capital requirements, capital expenditures and financial condition.

Our Company has declared and paid dividend at the rate of 10% on the Equity Shares during the last five financial years. For details, see "***Dividend Policy***" on page 169. However, 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 in future. 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.

39. ***One of our Group Entity and our Subsidiary and Joint Ventures have incurred losses in their respective preceding fiscal years, which may have an adverse effect on our reputation and business.***

One of our Group Entity has incurred losses as shown below for the preceding three fiscals.

(₹ in million)

Name of the Group Entity	Fiscal 2014	Fiscal 2013	Fiscal 2012
CTL	(47.10)	-	-

Further, our Subsidiary and Joint Ventures have also incurred losses in past as shown below.

(₹ in million)

Name of the entity	For the financial year ended December 31, 2013* (1)	For the financial year ended December 31, 2012* (2)
PCL (Shanghai) Company Limited	(3.14)	(4.09)
NSPCCL	(40.98)	(67.37)
PCSSCCL	(1.01)	-

Source: www.oanda.com

**The fiscal year of our Subsidiary and Joint Ventures commences on January 1 and ends on December 31.*

(1) Figures in RMB have been converted to INR at an exchange rate of 1RMB = ₹10.12, prevalent on December 31, 2013.

(2) Figures in RMB have been converted to INR at an exchange rate of 1RMB = ₹8.70, prevalent on December 31, 2012.

We cannot assure you that our Group Entities, Subsidiary or Joint Ventures will not incur losses in any future periods, or that there will not be an adverse effect on our reputation or our business as a result of such losses.

40. ***We had negative cash flows from our investing activities during the six month period ended September 30, 2014, fiscal 2014, fiscal 2013, fiscal 2012 and from our financing activities during the six month period ended September 30, 2014 and fiscal 2013, on a consolidated basis.***

We have sustained negative net cash flow from our investing activities for the six month period ended September 30, 2014 and in fiscal 2014, fiscal 2013, fiscal 2012 (largely due to purchase of term deposits and purchase of non current investments and fixed assets), on a consolidated basis and negative cash flows from our financing activities for the six month period ended September 30, 2014 and fiscal 2013 (largely due to repayment of long term and short term borrowings and interest on long term and short term borrowings), on a consolidated basis.

(in ₹ million)

Particulars	For the six months ended September 30, 2014	Fiscal 2014	Fiscal 2013	Fiscal 2012
Net cash flows used in investing activities	(708.05)	(995.57)	(364.82)	(1,065.02)
Net cash flows generated/ (used in) from financing activities	(185.33)	385.75	(113.60)	866.01

Any such negative cash flows in the future could adversely affect our business, financial condition and results of operations. For details, see "***Management's Discussion and Analysis of Financial Condition and Results of Operations****" and "***Financial Information***" on pages 276 and 170.

41. ***Our Auditor's have mentioned certain audit qualifications in their report on our Restated Unconsolidated Financial Statements which do not require any corrective adjustments in the financial information.***

Our Auditor's report on our Restated Standalone Financial Statements contains certain audit qualifications for last five fiscals which do not require any corrective adjustments in the financial information.

Area of Audit Qualification	Fiscal Years
Qualification related to certain transactions of the Joint Ventures	Fiscals 2014 and 2013
Outstanding statutory dues	Fiscals 2013, 2012, 2011 and 2010

For details, see Auditor's report dated March 5, 2015 in relation to the Restated Unconsolidated Financial Statements included in the section titled "***Financial Statements***" on page 170 and "***Management's Discussion and Analysis of Financial Condition and Result of Operations***" on page 276.

There is no assurance that our audit reports for any future fiscal periods will not contain qualifications or that any qualifications, if included, will not require any adjustment in our financial statements for such future fiscal periods or otherwise impact our financial condition, cash flows and results of operations in such future fiscal periods.

42. Our Promoters have provided personal guarantees for a significant portion of our borrowings to secure certain of our loans. Our business, financial condition, results of operations, cash flows and prospects may be adversely affected by the revocation of all or any of the personal guarantees provided by our Promoters in connection with our Company's borrowings.

Our Promoters have provided personal guarantees for a significant portion of our borrowings to secure certain of our loans. If any of these guarantees are revoked, our lenders may require alternative guarantees or collateral or cancellation of such facilities, entailing repayment of amounts outstanding under such facilities. If we are unable to procure alternative guarantees satisfactory to our lenders, we may need to seek alternative sources of capital, which may not be available to us at commercially reasonable terms or at all, or to agree to more onerous terms under our financing agreements, which may limit our operational flexibility. Accordingly, our business, financial condition, results of operations, cash flows and prospects may be adversely affected by the revocation of all or any of the personal guarantees provided by our Promoters in connection with our Company's borrowings.

43. Our Company has certain credit facilities that are repayable on demand. Any unexpected demand for repayment of such facilities by the lenders may adversely affect our business, financial condition, cash flows and result of operations.

Our Company has availed certain credit facilities that are repayable on demand to the lenders. For further details of the outstanding secured borrowings of the Company including facilities repayable on demand and amounts outstanding thereof as on January 31, 2015, see "***Financial Indebtedness***" on page 302. In the event that the lenders of such loans call in these loans, alternative sources of financing may not be available on commercially reasonable terms, or at all. Any such unexpected demand for repayment may materially and adversely affect our Company's cash flows, business, financial condition, results of operations and cash flows.

44. We have made a bonus issue of Equity Shares during the last one year at a price that is below the Offer Price.

We have in the last twelve months prior to filing this Draft Red Herring Prospectus, made a bonus issue of Equity Shares by capitalizing the securities premium account. This being a bonus issue, the Equity Shares were issued to shareholders without any consideration. For further details regarding such issuances of equity shares, see "***Capital Structure***" on page 67. Further, there can be no assurance that we will issue bonus shares to our shareholders in future. Additionally, any future issue of bonus shares may have an adverse effect on the trading price of our Equity Shares.

External Risk Factors

45. Our business is affected by global economic conditions, especially in the geographies we cater to, which may have an adverse effect on our business, financial condition, results of operations and cash flows.

Our business depends substantially on global economic conditions. According to the ICRA Research Report, global economy slowed down in 2013 and 2014, with global growth reducing from an annualized rate of 3.9% in the second half of 2013 to 2.7% in the first half of 2014. Further, in the aftermath of the global economic crisis, global passenger vehicle sales had declined for two consecutive years, figuring at 1.8% in 2008 and falling to 0.6% in 2009. Excluding China, passenger vehicle sales worldwide shrunk by 3.0% in 2008 and 9.5% in 2009 and post 2010, volume growth has been modest even after continuation of various fiscal incentives.

There may also be a number of secondary effects of an economic downturn, such as the insolvency of suppliers or customers, delays in deliveries by suppliers, payment delays and/or stagnant or lower demand by customers. Cuts in federal or central, state and local government investment as well as consequent impairment in infrastructural facilities and infrastructural growth can also drag global and national growth rates down.

While the global economy has recovered to some extent, we are unable to predict with any degree of certainty the pace or sustainability of economic recovery, the volumes of federal or central, state and local government investment, or the effects of regulatory intervention. If we are unable to successfully anticipate and respond to changing economic and credit market conditions, our business, financial condition, results of operations and cash flows may be adversely affected.

46. Political, economic or other factors that are beyond our control may have an adverse impact on our business, financial condition, results of operations and cash flows.

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

- increase in interest rates may adversely impact our access to capital and increase our borrowing costs, which may constrain our ability to grow our business and operate profitably;
- the Indian economy has had sustained periods of high inflation in the recent past. High rates of inflation may increase our employee costs and decrease demand for our products and services, which may have an adverse effect on our profitability and competitive advantage, to the extent that we are unable to pass on increased employee costs by increasing cost of our products and services;
- a downgrade of India's sovereign rating by international credit rating agencies may adversely impact our access to capital and increase our borrowing costs, which may constrain our ability to grow our business and operate profitably;
- a decline in India’s foreign exchange reserves may affect liquidity and interest rates in the Indian economy as well as the valuation of the Indian Rupee, which may adversely impact our financial condition;
- political instability, resulting from a change in government or in economic and fiscal policies, may adversely affect economic conditions in India; and
- civil unrest, acts of violence, terrorist attacks, regional conflicts or situations or war may adversely affect the financial markets, which may impact our business, financial condition, results of operations and cash flows.

47. Natural calamities could have a negative effect on the Indian economy and adversely affect our business and the price of our Equity Shares.

India has experienced natural calamities such as earthquakes, tsunamis, floods and droughts in the past. The extent and severity of these natural disasters determines their effect on the Indian economy, as well as on our business. Further, instances of floods or other natural calamities could have an adverse effect on our business and the price of our Equity Shares.

48. Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, financial condition, results of operations and cash flows.

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the instances mentioned below, may adversely affect our business, financial condition, results of operations, cash flows and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.

For instance, the Government of India has proposed a comprehensive national goods and services tax (“**GST**”) regime that will combine taxes and levies by the Central and State Governments into a unified rate structure. Although the Government has announced that it is committed to introduce GST with effect from April 1, 2016, given the limited availability of information in the public domain concerning the GST, we are unable to provide any assurance as to this or any other aspect of the tax regime following implementation of the GST. The implementation of this rationalized tax structure may be affected by any disagreement between certain state governments, which may create uncertainty. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable.

We have not determined the impact of these recent and proposed legislations on our business. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future.

49. Significant differences exist between Indian GAAP and other accounting principles, such as US GAAP and IFRS, which may be material to investors' assessments of our financial condition. Our failure to successfully adopt IND(AS) may have an adverse effect on the price of our Equity Shares.

Our financial statements, including the Restated Financial Statements provided in this Draft Red Herring Prospectus, are prepared in accordance with Indian GAAP. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. U.S. GAAP and IFRS differ in significant respects from Indian GAAP. For details, see "***Certain Conventions, Use of Financial Information and Market Data and Currency of presentation***" on page 9. Accordingly, the degree to which the Indian GAAP Restated Financial Statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. 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.

India has decided to adopt the "Convergence of its existing standards with IFRS" and not the IFRS, which was announced by the MCA, through the press note dated January 22, 2010. These "IFRS based / synchronized Accounting Standards" are referred to in India as IND (AS). The Ministry of Corporate Affairs, Government of India has issued the Companies (Indian Accounting Standards) Rules, 2015 on February 16, 2015 which shall come into force on April 1, 2015 and pursuant to which the IND (AS) shall be mandatorily applicable to companies (except banking companies, insurance companies and non-banking financial companies) effective from (i) the accounting periods beginning on or after April 1, 2016 (with comparatives for the period ending March 31, 2016 or thereafter), for all companies with net worth of ₹ 5,000 million or more; and (ii) the accounting periods beginning on or after April 1, 2017 (with comparatives for the period ending March 31, 2017 or thereafter) for listed or to be listed companies (i.e. whose equity and/or debt securities are listed or are in the process of being listed on any stock exchange in India or outside India) with net worth less than ₹ 5,000 million and unlisted companies with net worth between ₹ 2,500 million and ₹ 5,000 million. These requirements would also apply to any holding, subsidiary, joint venture or associate companies of such aforementioned companies. Further, the Companies Act, 2013 requires the audit report of a company to state the adequacy of internal financial controls system and its operating effectiveness for financial years commencing on or after April 1, 2015.

Further, we have made no attempt to quantify or identify the impact of the differences between Indian GAAP and IND(AS) or to quantify the impact of the difference between Indian GAAP and IND(AS) as applied to its financial statements. There can be no assurance that the adoption of IND(AS) will not affect our reported results of operations or financial condition. Any failure to successfully adopt IND(AS) may have an adverse effect on the trading price of our Equity Shares.

Moreover, our transition to IND(AS) reporting may be hampered by increasing competition and increased costs for the relatively small number of IND(AS)-experienced accounting personnel available as more Indian companies begin to prepare IND(AS) financial statements. Any of these factors relating to the use of IFRS-converged Indian Accounting Standards may adversely affect our financial condition.

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

We are not a listed company and have not, historically, been subjected to the increased scrutiny of our affairs by shareholders, regulators and the public at large that is associated with being a listed company. As a listed company, we will incur significant legal, accounting, corporate governance and other expenses that we did not incur as an unlisted company. We will be subject to the listing agreements with the Stock Exchanges which will require us to file audited annual and unaudited quarterly reports with respect to our business and financial condition. If we experience any delays, we may fail to satisfy our reporting obligations and/or we may not be able to readily determine and accordingly report any changes in our results of operations as promptly as other listed companies.

Further, as a listed company, we will need to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, including keeping adequate records of daily transactions to support the existence of effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management attention will be required.

As a result, our management's attention may be diverted from other business concerns, which may adversely affect our business, financial condition, results of operations and cash flows. In addition, we may need to hire additional legal and accounting staff with appropriate listed company experience and technical accounting knowledge, but we cannot assure you that we will be able to do so in a timely and efficient manner.

51. There may be less information available about companies listed on the Indian securities markets compared to information that would be available if we were listed on securities markets in certain other countries.

There may be differences between the level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants and that of the markets in the U.S. and certain other countries. SEBI governs the Indian capital market (along with the Indian stock exchanges, which also govern the companies whose securities are listed with them) and has issued regulations and guidelines on disclosure requirements, insider trading, substantial acquisitions and takeovers of listed companies and other matters. There may, however, be less publicly available information about companies listed on an Indian stock exchange compared to information that would be available if that company was listed on a securities market in certain other jurisdictions.

Risks Related to our Equity Shares

52. Our Promoters and Promoter Group will retain majority shareholding in our Company following the Offer, which will allow them to exercise significant influence over us and may cause us to take actions that are not in the best interest of our other shareholders.

After the completion of this Offer, our Promoters and Promoter Group will collectively hold approximately [●]% of our Company's issued and outstanding Equity Shares, assuming full subscription in the Offer and assuming no subscription by our Promoters and Promoter Group. So long as our Promoters and Promoter Group own a significant portion of our Equity Shares, they will be able to significantly influence the election of our Directors and control most matters affecting our Company, including our business strategies and policies, decisions with respect to mergers, business combinations, acquisitions or dispositions of assets, dividend policies, capital structure and financing, and may also delay or prevent a change of management or control, even if such a transaction may be beneficial to other shareholders of our Company. The interests of our Promoters and Promoter Group, as the controlling shareholders of our Company, may also conflict with our interests or the interest of our Company's other shareholders. As a result, our Promoters and Promoter Group may take actions that conflict with our interests or the interests of other shareholders of our Company.

53. There is no guarantee that our Equity Shares will be listed on the Stock Exchanges in a timely manner or at all, which may restrict your ability to dispose of our Equity Shares.

In accordance with Indian law and practice, permission for listing and trading of our Equity Shares will not be granted until after certain actions have been completed in relation to this Offer and until Allotment of Equity Shares pursuant to this Offer. Trading in our Equity Shares is expected to commence within 12 Working Days from the Bid/Offer Closing Date or such other period as may be specified by applicable law. However, we cannot assure you that the trading in our Equity Shares will commence in a timely manner or at all. Any failure or delay in obtaining final listing and trading approvals may restrict your ability to dispose of your Equity Shares.

54. Our Equity Shares have not been publicly traded prior to this Offer. After this Offer, our Equity Shares may experience price and volume fluctuations and an active trading market for our Equity Shares may not develop. Further, the price of our Equity Shares may be volatile, and you may be unable to resell your Equity Shares at or above the Offer Price, or at all.

Prior to this Offer, there has been no public market for our Equity Shares. An active trading market on the Stock Exchanges may not develop or be sustained after this Offer. Moreover, the Offer Price is intended to be determined through a book-building process and may not be indicative of the price of our Equity Shares at the time of commencement of trading of our Equity Shares or at any time thereafter.

The trading price of our Equity Shares after this Offer may be subject to significant fluctuations in response to, among other factors, general economic, political and social factors, developments in India's fiscal regime, variations in our operating results, market conditions specific to the industry that we operate in, developments relating to India (as well as other jurisdictions in which we operate) and volatility in the Indian and global securities market, developments in our business as well as our industry and the perception in the market about investments in our business, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. The trading price of our Equity Shares might also decline in reaction to events that affect the entire market and/or other companies in our industry even if these events do not directly affect us and/or are unrelated to our business, financial condition, operating results or cash flows.

55. Fluctuation in the exchange rate between the Indian Rupee and other foreign currencies may have an adverse effect on the value of our Equity Shares, independent of our operating results.

On listing, our Equity Shares will be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by Equity Shareholders.

For example, the exchange rate between the Rupee and the USD has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the trading price of our Equity Shares and returns on our Equity Shares, independent of our operating results.

56. You may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.

Under current Indian tax laws, capital gains arising from the sale of equity shares within 12 months in an Indian company are generally taxable in India. Any gain realized 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**") is paid on the transaction. STT is levied on and collected by a domestic stock exchange on which equity shares are sold. Any gain realized on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognized stock exchange and on which no STT has been paid, is subject to long term capital gains tax in India. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of equity shares are exempt from taxation in India where an exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable to pay tax in India as well as in their own jurisdiction on a gain on the sale of equity shares.

57. The trading price of our Equity Shares may fluctuate due to volatility of the Indian and global securities markets.

Stock exchanges in India have in recent years, in line with global developments, experienced substantial fluctuations in the prices of listed securities. The SENSEX, BSE's benchmark index, reduced by approximately 25%, representing approximately 5,100 points, in the calendar year 2011, subsequently increased by approximately 25.2%, representing approximately 3,900 points in the calendar year 2012, increased by approximately 8.1%, representing approximately 1,600 points in the calendar year 2013 and thereafter increased by approximately 30%, representing approximately 6,400 points in the calendar year 2014. Indian stock exchanges have also, in the past, experienced temporary closures, broker defaults, settlement delays and strikes by brokerage firm employees. In addition, Indian stock exchanges have, from time to time, imposed restrictions on trading in certain securities, limitations on price movements and margin requirements.

58. There will be restrictions on daily movements in the price of our Equity Shares, which may adversely affect your ability to sell, or the price at which you can sell, Equity Shares at a particular point in time.

Subsequent to listing, our Equity Shares will be subject to a daily circuit breaker imposed by the Stock Exchanges on listed companies which will not allow transactions beyond certain volatility in the trading price of our Equity Shares, as well as an index-based market-wide circuit breaker. The percentage limit on our Company's circuit breaker shall be set by the Stock Exchanges based on historic volatility in the price and trading volumes of our Equity Shares and the index-based market-wide circuit breaker shall be set by the Stock Exchanges based on market-wide index variation of 5%, 10%, 15% and 20% based on the previous day's closing level of the relevant index. The Stock Exchanges are not required to inform our Company of the percentage limit of the circuit breaker on our Equity Shares from time to time, and may change it without our knowledge. These circuit breakers will effectively limit upward and downward movements in the price of our Equity Shares. As a result, there can be no assurance regarding your ability to sell your Equity Shares over the Stock Exchanges or the price at which you may be able to sell your Equity Shares.

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

Future issuances of equity shares by our Company or significant sales of Equity Shares after this Offer will dilute investors' holdings in our Company. In addition, the perception that such issuance or sales may occur may adversely affect the trading price of our Equity Shares and impair our future ability to raise capital through offerings of Equity Shares. We cannot predict the effect that significant sales of Equity Shares by major Equity Shareholders or the availability of significant numbers of our Equity Shares for future sale may have on the trading price of our Equity Shares.

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

Under the Companies Act, a company incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution.

However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights, unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian receives on the sale of any such securities and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of our Equity Shares, your proportional interests in our Company may be reduced.

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

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

Prominent Notes:

- Initial public offering of up to [●] Equity Shares of face value ₹ 10 each of our Company, for cash at a price of ₹ [●] per Equity Share aggregating up to ₹ [●] million, consisting of a Fresh Issue of up to [●] Equity Shares by our Company aggregating up to ₹ 2,400 million and an Offer for Sale of up to 8,640,000 Equity Shares by the Selling Shareholders aggregating up to ₹ [●] million. The Offer shall constitute at least [●]% of the post-Offer paid up Equity Share capital of our Company.

- The consolidated net worth of our Company as on September 30, 2014 and March 31, 2014 is ₹ 2,051.95 million and ₹ 1,722.22 million, respectively and unconsolidated net worth of our Company is ₹ 2,099.06 million and ₹ 1,750.65 million, respectively.

- The consolidated net asset value per Equity Share as on September 30, 2014 and March 31, 2014 is ₹ 25.07 and ₹ 21.04, respectively and unconsolidated net asset value per Equity Share is ₹ 25.65 and ₹ 21.39, respectively.

- Details of the average cost of acquisition per Equity Share by our Promoters as on date of this Draft Red Herring Prospectus are set forth hereunder.

Promoter	Number of Equity Shares Held	Average Cost of Acquisition (₹)#
Mr. Yatin Shah	39,378,400	0.25
Dr. Suhasini Shah	10,953,200	1.89

 # As certified by DKV & Associates, chartered accountants, by their certificate dated March 2, 2015.

- For details of transactions by our Company with our Subsidiary and Group Entities during the last financial year, including the nature and cumulative value of the transactions, see "***Related Party Disclosures***" on page 215 prepared in accordance with Accounting Standard - 18.

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

- None of our Group Entities have any business or other interest in our Company, except as stated in "***Our Promoters and Group Entities***" on page 165, and to the extent of any Equity Shares held by them and to the extent of the benefits arising out of such shareholding.

- The investors may contact any of the BRLMs who have submitted the due diligence certificate to SEBI, for any complaint pertaining to the Offer. All grievances relating to the non-ASBA process must be addressed to the Registrar to the Offer quoting the full name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the Syndicate Member or the Registered Broker where the Bid was submitted and cheque or draft number and issuing bank thereof. All grievances relating to the ASBA process may be addressed to the Registrar to the Offer, with a copy to the relevant SCSB or the member of the Syndicate if the Bid was submitted to a member of the Syndicate at any of the Specified Locations, or the Registered Broker if the Bid was submitted to a Registered Broker at any of the Broker Centres, as the case may be, quoting the full name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate or the Designated Branch or the Registered Broker, as the case may be, where the ASBA Bid was submitted and ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

SECTION III – INTRODUCTION
SUMMARY OF INDUSTRY

*The information in this section is derived from various publicly available sources, government publications and other industry sources. Unless specifically indicated otherwise, the information in this section has been derived from the report titled "Automobile Camshaft Industry" dated December, 2014 that has been prepared by ICRA Research Services ("**ICRA Research Report**"). The information in this section has not been independently verified by us, the Book Running Lead Managers, or their respective legal, financial or other advisors, and no representation is made as to the accuracy of this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on this information.*

Global Economy

According to the IMF, World Economic Outlook (October 2014), the global economy slowed down in 2013 and 2014, with global growth reducing from an annualized rate of 3.9% in the second half of 2013 to 2.7% in the first half of 2014. Pursuant to an update to this report from the IMF in January, 2015, global growth has increased in the third quarter of 2014 to 3.75%. The global economy is expected to grow at 3.5% and 3.7% in 2015 and 2016 respectively. (*Source: IMF, World Economic Outlook (October 2014); IMF, World Economic Outlook Update (January 2015)*)

Against this backdrop, advanced economies are expected a slow recovery, with growth rising to 1.8% in 2014 and to 2.4% in 2015. Growth in emerging market and developing economies is forecasted to rise to 4.3% in 2015. (*Source: IMF, World Economic Outlook Update (January 2015)*)

Overview of the Indian Economy

According the CIA World Factbook, the Indian economy is ranked fourth in the world, on a purchasing power parity basis, after the United States, the European Union and China.

For the fiscal year 2015, the forecast for real GDP growth rate (at factor cost) in India is estimated 5.5% by the Reserve Bank of India ("**RBI**"). The RBI has forecasted industry growth at 3.5% *(Source: Macroeconomic and Monetary Developments 2014-2015 (An Update), RBI website)* India is expected to be the fastest growing major economy by fiscal 2017. (*Source: World Bank, Global Economic Prospects, January 2015*)

Lending rates have reduced in 2015, with further reductions expected as the economy recovers.

Export growth in India has been robust in 2014. (*Source: World Bank, Global Economic Prospects, January 2015*) According to the IMF, World Economic Outlook (October, 2014), an increase in exports and investments is expected in 2015.

Camshafts

Camshafts are required in all automobiles using an internal combustion ("**IC**") engine, which includes 2-wheelers, 3-wheelers, passenger vehicles, commercial vehicles, off roaders and tractors. A camshaft and its associated parts actuate the opening and closing of the piston valves in an IC engine of an automobile. It is one of the critical components of an IC engine and the design of the camshaft impacts the engine's power, efficiency, mileage and emission.

Camshafts are designed in such a way so as to open the engine valves at the correct time and to keep them open for the necessary duration for the desired engine performance. The camshaft design, weight, manufacturing process and machining requirement vary across vehicle categories depending on the desired engine characteristics. The camshaft generally lasts the life of the IC engine, although it may be replaced if it affects the engine's performance significantly over time.

Camshaft manufacturing

Camshaft manufacturing requires two units: (a) a foundry and (b) a machining and sand core shop. The manufacturing process is initially capital intensive and associated with a long drawn vendor approval process, making healthy capacity utilization critical.

Camshaft castings, or un-machined camshafts, are priced according to casting complexity and the material used, with prevailing raw material prices being taken into account. The machining process contributes to value addition of 100-200% depending on the complexity of the cam profile and grinding requirements.

Tier I camshaft suppliers provide camshaft castings or machined camshafts directly to the OEMs. Tier II camshaft suppliers provide camshaft castings to third party tier I suppliers.

Global Light Vehicle Industry

Light Vehicle Industry

The global light vehicle industry, comprising both passenger vehicles and light commercial vehicles, has maintained a steady growth over the past three years. The global light vehicle market rate is expected to grow to approximately 105 million units by 2020, with a 2.6% growth forecast for 2015.

Passenger Vehicles

In the aftermath of the global economic crisis, global passenger vehicle sales had declined for two consecutive years, figuring at 1.8% in 2008 and falling to 0.6% in 2009. Government intervention in the form of demand enhancement measures, such as the United States' 'cash of clunkers' scheme and European 'scrappage programmes' helped in increasing global passenger vehicles demand. 2010 witnessed an expansion of 12.4% in global passenger vehicles volumes.

Indian Light Vehicle Industry

The Indian market registered robust demand growth, with double-digit production volume, in fiscal 2010 and fiscal 2011, followed by low production volume growth across all automobile segments in the past three years. Commercial vehicles and, in particular, Medium & Heavy Commercial Vehicles ("**M&HCV**") have shown improvements in fiscal 2015, registering a pick-up in demand and production volumes. Robust sales volumes have also been recently observed for two-wheelers.

Passenger Vehicles

The domestic passenger vehicles industry had a strong volume CAGR of 16.3% in the period of 2007-2011, owing to strong economic growth, rising disposable incomes, favourable demographics and low penetration levels.

Significant capex plans, in the form of Brownfield and Greenfield projects, to the tune of approximately ₹ 280 billion are being developed by passenger vehicles OEMs. For instance, Ford Motors and Maruti are in the midst of setting-up Greenfield manufacturing units in Gujarat. Maruti Suzuki, as per current plans through Suzuki, Japan, is investing around ₹ 38 billion in a new plant with initial capacity of 100,000 units, scheduled to commence operations by 2017.

Global Camshaft Market

Camshaft demand is dependent on automobile demand, as camshafts are required in all IC engines. The key segment, however, driving camshaft sales is the passenger vehicles segment. Passenger vehicles largely use either SOHC or DOHC engines, i.e. either single camshaft engines or double camshaft engines. Accordingly, assuming the demand of passenger vehicles is equally divided between these engines types, the global passenger vehicle camshaft sales volume is one and a half times the volume of passenger vehicles produced.

Many OEMs manufacture camshafts in-house or through captive associates/JVs. There is a growing trend of outsourcing manufacturing of camshafts. OEMs like VW and Toyota have large part of camshaft manufacturing in-house or procure it from captive associates, while OEMs like General Motors, Ford Motors, Hyundai and

FIAT have outsourced majority of their camshaft production. Reliance on captive manufacturing is expected to reduce, going forward. However, in-house machining operations are preferred and many OEMs opt to simply procure camshaft castings from third party vendors.

Camshaft manufacturers with manufacturing abilities across technologies, and with machining set-ups are expected to benefit from the trend of manufacturing operations being outsourced by OEMs along with optimization of vendor network.

SUMMARY OF BUSINESS

*This section should be read in conjunction with, and is qualified in its entirety by, the more detailed information about us and our Restated Financial Statements, including the notes thereto in the sections, "**Risk Factors**", "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" and "**Financial Statements**" on pages 12, 276 and 170, respectively.*

Overview

We are one of the world's leading manufacturer and supplier of camshafts, a critical engine component, in the passenger vehicle segment based on our estimated global market share by volume according to the ICRA Research Report. We supply over 150 varieties of camshafts for passenger vehicles, tractors, light commercial vehicles and locomotive engine applications from our manufacturing facilities in Solapur, Maharashtra.

A majority of our revenue comes from export of camshafts to various OEMs directly and indirectly. We have long term relationships with several marquee global OEMs, such as General Motors, Ford Motors, Hyundai, Maruti Suzuki, Tata Motors and Mahindra and Mahindra. As of March 31, 2014, we have supplied over 50 million units of camshafts in the last ten fiscals and have serviced various customers across different geographies including the United States of America, Brazil, the United Kingdom, Germany, Austria, Hungary, Russia, South Korea, China and India. Despite a relatively slower period of growth in the automobile industry in the last five years, we have been able to consistently increase our global market share in passenger vehicle camshafts market from 5%-6% in 2010 to an estimated 8%-9% in 2014. (*Source: ICRA Research Report*) We have recently won the awards for 'Best Overall Exporter' and 'Best Manufacturer Exporter' from Dun and Bradstreet India at the Export Credit Guarantee Corporation of India Limited Indian Exporters' Excellence Awards under the medium exporters category in March 2015.

We currently have two state-of-the-art manufacturing facilities – an EOU unit and a domestic unit – both situated at Solapur, Maharashtra. The EOU unit consists of four foundries and two machine shops and products manufactured at the EOU unit are primarily exported to our overseas customers. The domestic unit consists of one foundry and one machine shop and we cater to our domestic customers from this manufacturing facility. Our total manufacturing capacity as on December 31, 2014 was 13.38 million camshaft castings from our foundries per annum and 2.22 million machined camshafts from our machine shops per annum. According to the *ICRA Research Report*, the global passenger vehicle camshaft volume is estimated to be 100 million for 2014 with an estimated market value of ₹ 70,000 million and is expected to grow at 4% to 5% over medium to long term in line with the growth of the passenger vehicle production which is estimated to grow at a CAGR of 9% to 10% by fiscal 2020. Leveraging our experience, expertise and existing relationship with our customers, we seek to capitalize on this anticipated global demand for camshafts in the passenger vehicle segment. We also propose to set up two new machine shops at Solapur, Maharashtra specifically for ductile iron camshafts and assembled camshafts, respectively, by fiscal 2017 and fiscal 2018 and we also seek to foray into manufacturing and supply of sliding cams and cam modules in accordance with our expansion strategy.

In order to strengthen our business operations in Asia, we have entered into two joint ventures with NSPCL, the first, Ningbo Shenglong PCL Camshafts Company Limited, for machining of camshafts and the second, PCL Shenglong (Huzhou) Specialised Casting Company Limited, for setting up a foundry in China. The machine shop at Ningbo, China commenced production in April 2013 and the foundry at Huzhou City, China is currently under construction as on date.

We continue to invest in technologies, designing capabilities and research and development activities. We use different technologies in our engineering and manufacturing operations including shell sand molding process technology, special (AI203/ ceramic sand care) technology and GBQII process technology which we believe provides us a cost competitive advantage among our competitors. We also have a dedicated design and development team of nine engineers along with a well equipped inspection laboratory and a calibration laboratory. We have also entered into an exclusive agreement with EMAG, a German machining and tooling process company, for transfer of certain know-how and technology in order to strengthen our foray into assembled camshafts and expand our business operations in the European market.

Our Company is promoted by Mr. Yatin Shah and Dr. Suhasini Shah, who have over 20 years of experience in the critical engine component manufacturing and have established strong business relationships with marquee global OEMs. Our Promoters are first generation entrepreneurs who started the business of manufacturing of critical engine component in 1992.

In the six months ended September 30, 2014, fiscal 2014, fiscal 2013, fiscal 2012, fiscal 2011 and fiscal 2010 our consolidated turnover (net) were ₹ 2,649.73 million, ₹ 4,673.57 million, ₹ 3,588.25 million, ₹ 3,026.13 million, ₹ 2,731.62 million and ₹ 1,920.34 million, respectively. In the six months ended September 30, 2014, fiscal 2014, fiscal 2013, fiscal 2012, fiscal 2011 and fiscal 2010 our consolidated restated profit were ₹ 358.61 million, ₹ 131.26 million, ₹ 239.19 million, ₹ 185.38 million, ₹ 176.56 million and ₹ 264.20 million, respectively. We have been able to increase our consolidated turnover (net) from fiscal 2010 to fiscal 2014 at a CAGR of 24.90%.

Strengths

We believe that the following are our core competitive strengths:

- Leading supplier of camshafts for passenger vehicle engines in India and globally
- Long term relationships with marquee global OEMs
- State-of-the-art manufacturing facilities, technology innovation and engineering expertise
- Consistent financial performance
- Experienced and qualified team of professionals

Strategies

Our aim is to strengthen our market position and brand recognition, by continuing to pursue the following growth strategies:

- Diversification of product range
- Increased focus on value added products viz. fully machined camshafts
- Expansion through inorganic growth
- Increasing geographical penetration and expansion of addressable market

SUMMARY FINANCIAL INFORMATION

*The following tables set forth the summary financial statements derived from our Restated Consolidated Financial Statements as of and for six month period ended September 30, 2014, fiscal 2014, 2013 and 2012 and our Restated Unconsolidated Financial Statements as of and for six month period ended September 30, 2014, fiscals 2014, 2013, 2012, 2011 and 2010. The Restated Financial Statements have been prepared in accordance with the Indian GAAP and the Companies Act and restated in accordance with the SEBI ICDR Regulations and are presented in "**Financial Statements**" on page 170. The summary financial statements presented below should be read in conjunction with our Restated Financial Statements, the notes and annexures thereto and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" on page 276.*

RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF ASSETS & LIABILITES

(Rs.in million)

	Particulars	As at					
		30-Sept-2014	**31-Mar-2014**	**31-Mar-2013**	**31-Mar-2012**	**31-Mar-2011**	**31-Mar-2010**
A.	**Equity & liabilities**						
	Share holders' funds						
	Share capital						
	- Equity share capital	40.92	40.92	30.92	30.92	30.92	30.92
	- Preference share capital	-	-	-	-	-	88.46
	Reserves and surplus	2,058.14	1,709.73	1,071.65	826.62	638.11	502.44
	Total of shareholders' funds	**2,099.06**	**1,750.65**	**1,102.57**	**857.54**	**669.03**	**621.82**
B	**Non-current liabilities**						
	Long term borrowings	1,127.60	1,247.34	1,288.52	1,422.41	412.56	429.56
	Deferred tax liabilities (net)	119.11	149.14	115.66	66.92	60.87	51.01
	Trade payables	-	-	7.38	-	-	-
	Long term provisions	-	-	3.24	-	-	0.11
	Total of non-current liabilities	**1,246.71**	**1,396.48**	**1,414.80**	**1,489.33**	**473.43**	**480.68**
C	**Current liabilities**						
	Short-term borrowings	400.07	522.11	243.60	154.23	263.13	92.19
	Trade payables	601.10	588.13	559.37	338.93	416.67	330.00
	Other current liabilities	636.93	645.98	567.98	497.79	353.36	261.75
	Short-term provisions	235.22	103.02	49.19	31.00	24.42	35.87
	Total of current liabilities	**1,873.32**	**1,859.24**	**1,420.14**	**1,021.95**	**1,057.58**	**719.81**
	Total of A + B + C	**5,219.09**	**5,006.37**	**3,937.51**	**3,368.82**	**2,200.04**	**1,822.31**
D	**Assets**						
	Non-current assets						
	Fixed assets						
	-Tangible assets	2,067.01	2,224.16	1,984.18	1,035.33	931.95	783.49
	-Intangible assets	1.63	2.00	4.93	0.42	0.80	1.12
	-Capital work in progress	6.39	3.48	222.80	517.80	34.26	75.90

Particulars		As at					
		30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
		2,075.03	**2,229.64**	**2,211.91**	**1,553.55**	**967.01**	**860.51**
	Non-current investments	733.49	733.49	31.40	7.00	0.13	0.13
	Long-term loans and advances	76.85	59.09	93.30	159.95	23.30	65.86
	Other non-current assets	25.16	27.91	27.71	49.81	62.16	6.15
	Total non-current assets	**2,910.53**	**3,050.13**	**2,364.32**	**1,770.31**	**1,052.60**	**932.65**
E	**Current assets**						
	Inventories	422.93	411.35	362.85	201.35	199.41	101.72
	Trade receivables	904.29	1,124.66	836.77	561.50	685.12	416.72
	Cash and Bank balances	814.19	267.16	249.76	774.09	181.50	276.30
	Short-term loans and advances	145.59	135.64	103.64	46.02	76.28	90.30
	Other current assets	21.56	17.43	20.17	15.55	5.13	4.62
	Total current assets	**2,308.56**	**1,956.24**	**1,573.19**	**1,598.51**	**1,147.44**	**889.66**
	Total of D+E	**5,219.09**	**5,006.37**	**3,937.51**	**3,368.82**	**2,200.04**	**1,822.31**

RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF PROFITS AND LOSSES

(Rs.in million)

Particulars	**Six months ended 30-Sept-2014**	**For the year ended**				
		31-Mar-2014	**31-Mar-2013**	**31-Mar-2012**	**31-Mar-2011**	**31-Mar-2010**
Income:						
Sale of manufactured goods	2,575.23	4,566.83	3,657.99	3,095.26	2,777.92	1,907.07
Sale of services	9.04	9.56	10.21	15.96	17.32	21.56
Other operating revenue						
Tooling income	7.71	53.29	49.62	32.11	29.57	38.16
Scrap sales	0.84	1.61	1.57	1.21	0.49	0.38
Export incentives	44.01	115.96	-	-	1.02	0.89
Turnover (gross)	**2,636.83**	**4,747.25**	**3,719.39**	**3,144.54**	**2,826.32**	**1,968.06**
Less - excise duty	72.00	152.56	152.44	115.06	94.70	47.72
Turnover (net)	**2,564.83**	**4,594.69**	**3,566.95**	**3,029.48**	**2,731.62**	**1,920.34**
Other income	78.07	123.58	89.00	85.14	41.21	24.67
Total revenue	**2,642.90**	**4,718.27**	**3,655.95**	**3,114.62**	**2,772.83**	**1,945.01**
Expenses:						
Raw materials consumed	822.20	1,520.02	1,487.84	1,224.98	1,135.71	683.53
(Increase)/decrease in inventories	-6.32	-29.40	-140.15	- 4.68	-85.99	-12.18
Employee benefits expense	320.06	1,129.36	387.83	304.13	277.84	174.27
Other expenses	675.77	1,349.42	1,250.44	1,078.73	995.68	642.76
Depreciation and amortisation expense	196.70	272.61	189.35	120.44	100.74	92.68
Finance costs	49.87	120.94	105.22	105.12	87.81	68.01
Total expenses	**2,058.28**	**4,362.95**	**3,280.53**	**2,828.72**	**2,511.79**	**1,649.07**
Restated profit before tax	**584.62**	**355.32**	**375.42**	**285.90**	**261.04**	**295.94**
Tax expense:						
Current tax	233.36	180.84	78.03	87.75	74.62	53.57
Deferred tax (credit)/charge	-18.85					

Particulars	Six months ended 30-Sept-2014	For the year ended				
		31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
		33.48	48.74	6.05	9.86	6.53
MAT credit entitlement	-	-	-	-	-	-28.36
Total tax expense	**214.51**	**214.32**	**126.77**	**93.80**	**84.48**	**31.74**
Restated profit for the period/year	**370.11**	**141.00**	**248.65**	**192.10**	**176.56**	**264.20**

RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF CASH FLOWS

(Rs.in million)

	Particulars	Six months ended 30-Sept-2014	For the year ended 31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
A	**CASH FLOW FROM OPERATING ACTIVITIES**						
	Profit before tax (as restated)	**584.62**	**355.32**	**375.42**	**285.90**	**261.04**	**295.94**
	Adjustments to reconcile profit before tax to net cash flows						
	Depreciation and amortisation expense	196.70	272.61	189.35	120.44	100.74	92.68
	Provision for doubtful debts	1.19	-	1.30	15.87	-2.14	6.13
	Bad debts written off	-	-	-	-	8.14	-9.83
	Loss on sale/scrap of fixed assets (net)	-	4.04	13.32	11.90	1.83	14.86
	Dividend income on long-term investments	0.02	-0.02	-0.01	-0.01	-0.01	-0.03
	Esop expenses	-	500.80	-	-	-	-
	Interest expenses	40.65	99.95	89.72	93.00	79.22	53.90
	Interest income	-20.64	-17.44	-20.66	-11.05	-15.61	-14.58
	Early redemption charges on redemption of preference shares	-	-	-	-	2.30	2.34
	Unrealised foreign exchange (gain)/loss	-10.43	-65.79	-6.40	6.86	-6.02	-
	Operating profit before working capital changes (as restated)	**792.11**	**1149.47**	**642.04**	**522.91**	**429.49**	**441.41**
	Movements in working capital						
	Increase/(decrease) in trade payables	13.89	20.35	230.43	-73.94	123.86	165.79
	Increase/(decrease) in long-term provisions	-	-3.24	5.53	-2.17	0.96	0.11
	(Decrease)/increase in short-term provisions	7.85	-19.51	18.79	2.34	4.86	24.77
	Increase/(decrease) in other current liabilities	18.11	78.00	13.82	17.89	26.92	66.42
	Decrease/(increase) in trade receivables	220.80	-255.89	-293.97	105.21	-166.81	-189.25
	(Increase)/decrease in inventories	-11.58	-48.50	-161.50	-1.93	-97.71	-13.19
	(Increase)/decrease in long-term loans and advances	-1.78	34.21	-5.39	-6.67	-11.13	-31.46
	(Increase) in short-term loans and advances	18.25	-32.00	-63.49	13.79	-5.21	-6.26
	(Increase)/decrease in other current assets	-4.55	2.74	2.28	-7.82	-1.65	-14.06
	Decrease/(increase) in other non-current assets	-	-0.20	2.51	-10.31	-	-
	Cash generated from operations	**1053.10**	**925.43**	**391.05**	**559.30**	**303.58**	**444.28**
	Direct taxes paid (net of refunds)	-103.50	-107.50	-64.67	-62.59	-53.87	-61.53
	Net cash generated from operating activities (A)	**949.60**	**817.93**	**326.38**	**496.71**	**249.71**	**382.75**
B	**CASH FLOW USED IN INVESTING ACTIVITIES**						
	Purchase of fixed assets, including intangible assets and capital work in progress	-137.69	-295.08	-656.68	-686.97	-158.22	-257.60
	Proceeds from sale of fixed assets	-	0.72	0.82	0.54	1.66	1.79
	Payments towards investments in subsidiary	-	-	-2.23	-8.82	-	-
	Purchase of long term investments	-	-620.00	-	-0.01	-	-
	Payments towards investments in joint venture	-	-82.09	-20.21	-	-	-
	(Investment)/redemption of bank deposits (original maturity of more than three months)(net)	-468.18	82.70	368.32	-293.23	23.50	-103.25
	Advances given to/repaid by subsidiary (net)	-	-	0.66	-2.29	-	-

	Particulars	Six months ended 30-Sept-2014	For the year ended				
			31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
	Interest received	20.82	17.44	34.91	18.88	16.76	13.21
	Dividend received	0.02	0.02	0.01	0.01	0.01	0.03
	Net cash generated used in investing activities (B)	**-585.03**	**-896.29**	**-274.40**	**-971.89**	**-116.29**	**-345.82**
C	**CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES**						
	Proceeds from issuance of equity share capital	-	10.00	-	-	-	-
	Proceeds from long term borrowings	-	-	-	1244.32	521.02	392.45
	Repayment of long term borrowings	-132.98	-41.18	-195.11	-276.73	-521.63	-188.65
	Proceeds/(repayment) of short term borrowings (net)	-112.23	321.79	89.38	-108.90	72.92	15.74
	Redemption of preference shares (including premium)	-	-	-	-	-115.00	-120.00
	Early redemption charges on redemption of preference shares	-	-	-	-	-2.30	-2.34
	Interest paid	-40.16	-99.95	-119.75	-103.70	-71.66	-54.82
	Dividend paid on shares	-	-3.18	-3.09	-3.09	-26.96	-46.74
	Tax on dividend paid	-	-0.54	-0.50	-0.50	-4.48	-7.94
	Net cash generated from/(used in) financing activities (C)	**-285.37**	**186.94**	**-229.07**	**751.40**	**-148.09**	**-12.30**
D	**Net Increase/(decrease) in cash and bank balances(A+B+C)**	**79.20**	**108.58**	**-177.09**	**276.22**	**-14.67**	**24.63**
E	**Cash and cash equivalents at the beginning of the period/ year**	**220.93**	**120.81**	**297.01**	**20.34**	**35.62**	**10.99**
F	**Effect of exchange differences on restatement of foreign currency cash and bank balances**	-1.93	-8.46	0.89	0.45	-0.61	-
G	**Total cash and cash equivalents at the end of the period/ year (D+E+F)**	**298.20**	**220.93**	**120.81**	**297.01**	**20.34**	**35.62**

RESTATED CONSOLIDATED SUMMARY STATEMENT OF ASSETS & LIABILITES

(Rs.in million)

	Particulars	As at			
		30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012
A.	**Equity & liabilities**				
	Share holders' funds				
	Share capital				
	- Equity share capital	40.92	40.92	30.92	30.92
	Reserves and surplus	2,011.03	1,681.30	1,055.70	819.91
	Total of shareholders' funds	**2,051.95**	**1,722.22**	**1,086.62**	**850.83**
B	**Non-current liabilities**				
	Long term borrowings	1,290.86	1,305.18	1,313.06	1,422.41
	Deferred tax liabilities (net)	119.11	149.14	115.66	66.92
	Trade payables	-	-	7.38	-
	Long term provisions	-	-	3.24	-
	Long term liabilities	2.36	-	-	-
	Total of Non-current liabilities	**1,412.33**	**1,454.32**	**1,439.34**	**1,489.33**
C	**Current liabilities**				
	Short-term borrowings	492.19	546.35	243.60	154.23
	Trade payables	676.03	643.30	563.45	339.25
	Other current liabilities	678.53	648.40	573.72	498.45
	Short-term provisions	241.32	105.15	51.33	31.00
	Total of Current liabilities	**2,088.07**	**1,943.20**	**1,432.10**	**1,022.93**
	Total of A + B + C	**5,552.35**	**5,119.74**	**3,958.06**	**3,363.09**
D	**Assets**				
	Non-current assets				
	Fixed assets				
	-Tangible assets	2,278.88	2,289.81	1,989.83	1,035.46
	-Intangible assets	30.31	2.13	4.93	0.43
	-Capital work in progress	59.00	49.91	237.34	517.80
		2,368.19	**2,341.85**	**2,232.10**	**1,553.69**
	Non-current investments	620.14	620.14	0.14	0.14
	Long-term loans and advances	78.47	59.91	93.30	158.01
	Other non-current assets	25.16	27.91	27.71	49.81
	Total Non-current assets	**3,091.96**	**3,049.81**	**2,353.25**	**1,761.65**
E	**Current assets**				
	Inventories	474.38	435.18	396.43	205.38

Particulars		As at			
		30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012
	Trade receivables	893.19	1,122.18	809.56	556.32
	Cash and Bank balances	887.73	341.85	262.43	779.12
	Short-term loans and advances	183.53	142.33	105.74	43.73
	Other current assets	21.56	28.39	30.65	16.89
	Total current assets	**2,460.39**	**2,069.93**	**1,604.81**	**1,601.44**
	Total of D+E	**5,552.35**	**5,119.74**	**3,958.06**	**3,363.09**

RESTATED CONSOLIDATED SUMMARY STATEMENT OF PROFITS AND LOSSES

Rs.in million)

Particulars	Six months ended 30-Sept-2014	For the year ended		
		31-Mar-2014	31-Mar-2013	31-Mar-2012
Income:				
Sale of manufactured goods	2,660.12	4,645.71	3,679.29	3,091.91
Sale of services	9.04	9.56	10.21	15.96
Other operating revenue				
Tooling income	7.71	53.29	49.62	32.11
Scrap sales	0.85	1.61	1.57	1.21
Export incentives	44.01	115.96	-	-
Turnover (gross)	**2,721.73**	**4,826.13**	**3,740.69**	**3,141.19**
Less - excise duty	72.00	152.56	152.44	115.06
Turnover (net)	**2,649.73**	**4,673.57**	**3,588.25**	**3,026.13**
Other income	69.28	125.54	87.19	86.26
Total revenue	**2,719.01**	**4,799.11**	**3,675.44**	**3,112.39**
Expenses:				
Raw materials consumed	865.64	1,543.98	1,518.09	1,225.03
(Increase)/decrease in inventories	-20.38	-13.20	-168.21	-8.71
Employee benefits expense	325.19	1,138.17	395.38	308.50
Other expenses	707.61	1,380.48	1,267.12	1,082.78
Depreciation and amortisation expense	205.78	277.77	189.41	120.47
Finance costs	58.09	126.33	105.56	105.14
Total expenses	**2,141.93**	**4,453.53**	**3,307.35**	**2,833.21**
Restated profit before tax	**577.08**	**345.58**	**368.09**	**279.18**
Tax expense:				
Current tax	237.32	180.84	80.16	87.75
Deferred tax (credit)/charge	-18.85	33.48	48.74	6.05
Total tax expense	**218.47**	**214.32**	**128.90**	**93.80**
Restated profit for the period/year	**358.61**	**131.26**	**239.19**	**185.38**

RESTATED CONSOLIDATED SUMMARY STATEMENT OF CASHFLOWS

(Rs.in million)

	Particulars	Six months ended 30-Sept-2014	For the year ended		
			31-Mar-2014	31-Mar-2013	31-Mar-2012
A	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Profit before tax (as restated)	**577.08**	**345.58**	**368.09**	**279.18**
	Adjustments to reconcile profit before tax to net cash flows				
	Depreciation and amortisation expense	205.78	277.77	189.41	120.47
	Provision for doubtful debts	1.19	-8.95	1.30	13.94
	Loss on sale/scrap of fixed assets (net)	-	4.04	13.31	11.90
	Dividend income on long-term investments	-0.02	-0.02	-0.01	-0.01
	Esop expenses	-	500.80	-	-
	Interest expenses	48.71	104.71	90.17	93.00
	Interest income	-20.63	-17.44	-17.74	-11.05
	Unrealised foreign exchange (gain)/loss	-10.43	-65.79	-2.00	5.75
	Adjustments for consolidation	-7.18	-2.74	0.22	
	Operating profit before working capital changes (as restated)	**794.50**	**1,137.96**	**642.75**	**513.18**
	Movements in working capital				
	Increase/(decrease) in trade payables	33.66	71.44	231.39	-83.63
	Increase/(decrease) in long-term provisions	-	-3.24	-5.53	-
	(Decrease)/increase in short-term provisions	7.85	-3.36	18.79	0.17
	(Decrease)/increase in other long term liabilities	2.36	-	-	-
	Increase/(decrease) in other current liabilities	55.54	49.44	17.37	6.27
	Decrease/(increase) in trade receivables	229.42	-271.66	-252.38	114.87
	(Increase)/decrease in inventories	-39.19	-38.74	-191.06	-5.96
	(Increase)/decrease in long-term loans and advances	-2.58	-2.69	-2.80	-6.31
	(Increase) in short-term loans and advances	-13.01	-36.58	-62.01	13.79
	(Increase)/decrease in other current assets	6.40	1.48	-14.67	-9.16
	Cash generated from operations	**1,074.95**	**904.05**	**381.85**	**543.22**
	Direct taxes paid (net of refunds)	-103.50	-123.65	-72.89	-62.94
	Net cash generated from operating activities (A)	**971.45**	**780.40**	**308.96**	**480.28**
B	**CASH FLOW USED IN INVESTING ACTIVITIES**				
	Purchase of fixed assets, including intangible assets and capital work in progress	-260.33	-472.88	-752.41	-780.76
	Proceeds from sale of fixed assets	-	0.72	0.82	0.54

	Particulars	Six months ended 30-Sept-2014	For the year ended		
			31-Mar-2014	31-Mar-2013	31-Mar-2012
	Payments towards purchase of non-current investments	-	-620.00	-	-0.01
	(Investments)/redemption of bank deposits (original maturity of more than three months)(net)	-468.18	79.17	368.32	-293.24
	Interest received	20.44	17.44	18.44	8.44
	Dividend received	0.02	0.02	0.01	0.01
	Net cash generated used in investing activities (B)	**-708.05**	**-995.57**	**-364.82**	**-1,065.02**
C	**CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES**				
	Proceeds from issuance of equity share capital	-	10.00	-	-
	Proceeds from long term borrowings	-	131.84	26.94	1,345.10
	Repayment of long term borrowings	-94.31	-	-135.34	-276.73
	Proceeds/(repayment) of short term borrowings (net)	-44.34	346.03	89.38	- 100.82
	Interest paid	-46.68	-98.40	-90.99	-97.95
	Dividend paid on shares	-	-3.18	-3.09	-3.09
	Tax on dividend paid	-	-0.54	-0.50	-0.50
	Net cash generated from/(used in) financing activities (C)	**-185.33**	**385.75**	**-113.60**	**866.01**
D	**Net Increase/(decrease) in cash and bank balances(A+B+C)**	78.07	170.58	-169.46	281.27
E	**Cash and cash equivalents at the beginning of the period/ year**	**295.59**	**133.47**	**302.04**	**20.32**
F	**Effect of exchange differences on restatement of foreign currency cash and bank balances**	-1.93	-8.46	0.89	0.45
G	**Total cash and cash equivalents at the end of the period/ year (D+E+F)**	**371.73**	**295.59**	**133.47**	**302.04**

THE OFFER

The Offer	Up to [●] Equity Shares
Of which	
Fresh Issue*	Up to [●] Equity Shares
Offer for Sale**	Up to 8,640,000 Equity Shares
The Offer	Up to [●] Equity Shares
Of which	
A) QIB Category#	[●] Equity Shares
Of which	
Available for allocation to Mutual Funds only	[●] Equity Shares
Balance for all QIBs including Mutual Funds	[●] Equity Shares
B) Non-Institutional Category	Not less than [●] Equity Shares
C) Retail Category	Not less than [●] Equity Shares
Equity Shares outstanding prior to the Offer	81,841,600 Equity Shares
Equity Shares outstanding after the Offer	[●] Equity Shares
Use of Offer Proceeds	See "***Objects of the Offer***" on page 82

* *The Fresh Issue has been authorised by our Board pursuant to a resolution dated November 24, 2014, and by our shareholders pursuant to a resolution passed at the general meeting held on December 30, 2014.*

** *The Individual Selling Shareholders have authorized their respective participation in the Offer for Sale, pursuant to their letters dated March 2, 2015 and our Corporate Selling Shareholder has authorized its participation in the Offer for Sale, pursuant to a resolution passed by its Board of Directors dated March 2, 2015. For details see "**Other Regulatory and Statutory Disclosures**" on page 320.*

\# *Our Company and the Selling Shareholders, in consultation with the BRLMs, may allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being made to Anchor Investors. In case of under subscription in the Anchor Investor Portion, the remaining Equity Shares will be added back to the QIB Category. For further details see "**Offer Procedure**" on page 343.*

Notes

1. The Offer shall constitute [●]% of our post-Offer equity share capital. As the post Offer capital of our Company calculated at Offer Price is greater than ₹ 16,000 million but less than or equal to ₹ 40,000 million, the Offer is required to be made for such percentage of Equity Shares issued by the Company equivalent to the value of ₹ 4,000 million in compliance with Rule 19(2)(b)(ii) of the Securities Contract (Regulations) Rules, 1957 as amended. Provided further that the Company shall increase its public shareholding to at least 25% within the period of three years from the date of listing of securities, in the manner specified by SEBI.

2. The Offer comprises the Fresh Issue which shall constitute [●]% of our post-Offer equity share capital and the Offer for Sale shall constitute [●]% of our post-Offer equity share capital.

3. The Equity Shares being offered pursuant to the Offer for Sale have been held by the Selling Shareholders for a period of at least one year immediately preceding the date of this Draft Red Herring Prospectus and, 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 the DRHP. The Equity Shares being offered in the Offer for Sale issued under a bonus issue, were issued out of free reserves and share premium existing as at March 31, 2014. For more information, see "***Capital Structure***" on page 67.

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

5. Allocation to all categories, except the Anchor Investor Portion and the Retail Category, if any, shall be made on a proportionate basis. For details, see "***Offer Procedure***" on page 343.

6. 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, subject to applicable law.

For details, including in relation to grounds for rejection of Bids, refer to the "***Offer Procedure***" on page 343. For details of the terms of the Offer, see "***Terms of the Offer***" on page 340.

GENERAL INFORMATION

Our Company was incorporated as 'Precision Camshafts Private Limited' on June 8, 1992 under the Companies Act 1956, with the Registrar of Companies, Maharashtra at Mumbai. Pursuant to conversion of our Company to a public limited company, our name was changed to 'Precision Camshafts Limited' and a fresh certificate of incorporation consequent upon change of name on conversion to public limited company was issued by the Registrar of Companies, Maharashtra at Mumbai on August 1, 1997. Pursuant to a resolution of the Board dated January 10, 2001, the registered office of our Company was shifted from 51, Sarvodaya Housing Society, Hotgi Road, Solapur, 413 003, Maharashtra, India to E 102/103, MIDC, Akkalkot Road, Solapur 413 006, Maharashtra, India with effect from January 10, 2001 and relevant filings were made by our Company with the Registrar of Companies, Maharashtra at Pune. For more information in relation to change in name and Registered Office of our Company, see "***History and Certain Corporate Matters***" on page 142.

Registered Office

Details of our Registered Office are set forth hereunder.

E - 102/103 MIDC
Akkalkot Road
Solapur 413 006
Maharashtra, India
Tel: (+ 91 217) 3295433
Fax: (+ 91 217) 2653398
Email: ipo@pclindia.in
Website: www.pclindia.in

Corporate Office

Details of our Corporate Office are set forth hereunder.

D-5, D-6, D-7, D-7/1, MIDC
Chincholi, Solapur-Pune Highway
Solapur 413 255
Maharashtra, India
Tel: (+ 91 217) 3295430
Fax: (+ 91 217) 2357645

Company Registration Number and Corporate Identity Number

The company registration number and corporate identity number of our Company are set forth hereunder.

Details	Registration/Corporate Identity number
Company Registration Number	067126
Corporate Identity Number	U24231PN1992PLC067126

The Registrar of Companies

Our Company is registered with the RoC, details whereof are set forth hereunder.

The Registrar of Companies, Maharashtra at Pune
PMT Building, Pune Stock Exchange
3rd Floor, Deccan Gymkhana
Pune 411 004
Maharashtra, India
Tel: (+91 20) 25521376
Fax: (+91 20) 25530042

Board of Directors

Details regarding our Board **(**the **"Board"** or **"Board of Directors"** or **"Director(s)")** as on the date of the filing of this Draft Red Herring Prospectus are set forth in the table hereunder.

S no.	Name, Designation, Occupation, Term and DIN	Age (years)	Address
1.	**Mr. Yatin Shah** **Designation**: Chairman and Managing Director **DIN**:00318140	53	51, Sarvodaya Housing Society, Hotgi Road, Solapur 413 003, Maharashtra India
2.	**Dr. Suhasini Shah** **Designation**: Whole- time Director **DIN**:02168705	49	51, Sarvodaya Housing Society, Hotgi Road, Solapur 413 003, Maharashtra India
3.	**Mr. Ravindra Rangnath Joshi** **Designation**: Whole- time Director **DIN**: 03338134	50	17 Model Colony, Jule, Solapur 413 004, Maharashtra India
4.	**Mr. Jayant Aradhye** **Designation:** Non-Executive Non-Independent Director **DIN:** 00409341	73	8389/2B Onkar, Railway Lines, Solapur 413 001, Maharashtra India
5.	**Mr. Sarvesh Joshi** **Designation:** Independent Director **DIN:** 03264981	54	26 Flat No. 12 Harinandan Bunglow, 9th Lane, Dahanukar Colony, Kothrud, Pune 411 029, Maharashtra India
6.	**Mr. Pramod Mehendale** **Designation**: Independent Director **DIN**: 00026884	57	501, Victoria Classic, Off P. Kheraj Road, Mulund (W) 400 080, Maharashtra India
7.	**Mr. Vedant Pujari** **Designation:** Independent Director **DIN:** 07032764	36	H. No. 210, Pocket-8, Sarita Vihar, New Delhi, 110 076, India
8	**Mr. Vaibhav Mahajani** **Designation:** Additional Independent Director* **DIN:** 00304851	38	Flat No.4, Dhanlaxmi Apartment, Karvenagar, Pune 411 052 Maharashtra India

**Pursuant to a resolution passed by our Board of Directors on February 17, 2015, Mr. Vaibhav Mahajani was appointed as an additional Independent Director and his appointment will be regularized at the next annual general meeting of our Company.*

For more information in respect of our Board, see "***Our Management***" on page 153.

Company Secretary and Compliance Officer

Our Company has appointed Mr. Swapneel Kuber, the Company Secretary of our Company, as the Compliance Officer, whose Pune office contact details, are set forth hereunder.

Mr. Swapneel Kuber
Gurukrupa, Bunglow No. 70
Shivaji Housing Society

Senapati Bapat Road
Pune - 411 016
Maharashtra, India
Tel: (+ 91 20) 69401114
Fax: (+ 91 217) 2653398
E-mail: sskuber@pclindia.in

Bidders may contact the Company Secretary and Compliance Officer, the BRLMs or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems, such as non-receipt of Allotment Advice, or credit of Allotted Equity Shares in the respective beneficiary account, or Refund Orders.

Chief Financial Officer

Mr. Ravindra Rangnath Joshi
E - 102/103 MIDC
Akkalkot Road
Solapur 413 006
Maharashtra, India
Tel: (+ 91 217) 3295433
Fax: (+ 91 217) 2653398
E-mail: rrjoshi@pclindia.in

Selling Shareholders

Details of the Selling Shareholders are set forth hereunder.

Name	Details
Mr. Yatin Shah	Mr. Yatin Shah is the son of Late Mr. Subhash Shah. He resides at 51, Sarvodaya Housing Society, Hotgi Road, Solapur 413 003, Maharashtra, India
Dr. Suhasini Shah	Dr. Suhasini Shah is the daughter of Late Dr. Vinayak Chitale and wife of Mr. Yatin Shah. She resides at 51, Sarvodaya Housing Society, Hotgi Road, Solapur 413 003, Maharashtra, India
Mr. Jayant Aradhye	Mr. Jayant Aradhye is the son of Late Mr. Vasudeo Dattatraya Aradhye. He resides at Omkar, 8389/2b, Railway Lines, Solapur 413 001, Maharashtra, India
Cams Technology Limited	CTL, a public company incorporated on June 7, 2013 under the Companies Act, 1956 and having its registered office at 51, Sarvodaya Housing Society, Hotgi Road, Solapur 413 003, Maharashtra India. The board of directors of CTL comprise: • Mr. Yatin Shah; • Dr. Suhasini Shah; and • Mr. R. R. Joshi

Book Running Lead Managers

SBI Capital Markets Limited
202, Maker Tower 'E'
Cuffe Parade
Mumbai 400 005
Maharashtra, India
Tel: (+91 22) 2217 8300
Fax: (+91 22) 2218 8332
E-mail: pcl.ipo@sbicaps.com
Investor Grievance E-mail: investor.relations@sbicaps.com
Website: www.sbicaps.com
Contact Person: Ms. Kavita Tanwani/ Mr. Nikhil Bhiwapurkar
SEBI Registration No.: INM000003531

HDFC Bank Limited
Investment Banking Group
Unit No 401 & 402, 4th Floor
Tower B Peninsula Business Park
Lower Parel
Mumbai - 400013
Maharashtra, India
Tel : +91 22 33958015
Fax : +91 22 30788584
Email : pcl.ipo@hdfcbank.com
Investor Grievance Email : investor.redressal@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Mr. Rishi Tiwari/Mr. Keyur Desai
SEBI Registration No.: INM000011252

India Infoline Limited
8th Floor, IIFL Centre
Kamala City
Senapati Bapat Marg
Lower Parel (West)
Mumbai   400 013
Maharashtra, India
Tel: +91 22 46464600
Fax: +91 22 24931073
Email: pcl.ipo@iiflcap.com
Investor Grievance Email: ig.ib@iiflcap.com
Website: www.iiflcap.com
Contact Person: Mr. Pinkesh Soni/ Mr. Gaurav Singhvi
SEBI Registration No.: INM000010940

Syndicate Members

[●]

Legal Advisors to the Offer as to Indian Law

Amarchand & Mangaldas & Suresh A. Shroff & Co.
Amarchand Towers
216, Okhla Industrial Estate Phase III
New Delhi 110 020
India
Tel: (+91 11) 2692 0500
Fax: (+91 11) 2692 4900

Registrar to the Offer

Link Intime India Private Limited
C 13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West)
Mumbai 400 078
Mahasrahstra, India
Tel: (+91 22) 61715400
Fax: (+91 22) 2596 0329
E-mail: pcl.ipo@linkintime.co.in
Website: www.linkintime.co.in
Investor Grievance Email: pcl.ipo@linkintime.co.in
Contact Person: Mr. Sachin Achar
SEBI Reg. No.: INR000004058

Investors may contact the BRLMs for any complaint pertaining to the Offer. All grievances relating to the non-ASBA process must be addressed to the Registrar to the Offer quoting the full name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the Syndicate Member or the Registered Broker where the Bid was submitted and cheque or draft number and issuing bank thereof.

All grievances relating to the ASBA process may be addressed to the Registrar to the Offer, with a copy to the relevant SCSB or the member of the Syndicate if the Bid was submitted to a member of the Syndicate at any of the Specified Locations, or the Registered Broker if the Bid was submitted to a Registered Broker at any of the Broker Centres, as the case may be, quoting the full name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate or the Designated Branch or the Registered Broker, as the case may be, where the Bid was submitted and ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

Bankers to our Company

Bank of India
1162/6, Shivajinagar, University Road
Pune 411 005
Maharashtra, India
Tel: (+91 20) 25536090
Fax: (+91 20) 25536134
E-mail: MCB.Pune@bankofindia.co.in
Website: www.bankofindia.co.in
Contact Person: Mr. R. C. Behera

Bank of Baroda
2, Moledina Road
Pune 411 001
Maharashtra, India
Tel: (+91 20) 26137530
Fax: (+91 20) 26131710
E-mail: poocam@bankofbaroda.com
Website: www.bankofbaroda.com
Contact Person: Mr. R.E Shende

Bank of Baroda, UAE
PO Box 5294, Ras Al Khaimah
United Arab Emirates
Telephone number: (+971) 4 3136 686
Fax number: (+971) 4 3530 839
E-mail: syndicationcentre@bankofbaroda-uae.ae
Website: www.bankofbaroda.com
Contact Person: Mr. Mithlesh Kumar

Bankers to the Offer/Escrow Collection Banks

[●]

Refund Bank

[●]

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided at 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 details on Designated Branches of SCSBs collecting the Bid cum Application Forms, refer to the website of the SEBI (http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries).

Syndicate SCSB Branches

In relation to ASBA Bids 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 the SEBI (http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries).

Broker Centres

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012, Bidders can submit Bid cum Application Forms with the Registered Brokers at the Broker Centres, a list of which is available at the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com. 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 Bid cum Application Forms from the Registered Brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Statutory Auditors of our Company ("Auditors")

SRBC & Co. LLP
C - 401, 4th floor
Panchshil Tech Park, Yerwada
Pune 411 006
Maharshtra, India
Tel: (+91 20) 66036000
Fax: (+91 20) 66015900
E-mail: srbc.co@in.ey.com
Firm Registration No.: 324982E

Our Auditor, by a certificate dated March 10, 2015, have confirmed that they hold a valid peer review certificate dated March 12, 2014 issued by the Peer Review Board of the Institute of Chartered Accountants of India on May 2, 2014.

Credit Rating

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

Trustees

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

IPO Grading

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

Monitoring Agency

As the size of the Fresh Issue is less than ₹ 5,000 million, the appointment of a monitoring agency is not required, and accordingly no monitoring agency has been appointed in respect of the Offer.

Appraisal Agency

No appraising agency has been appointed in respect of any project of our Company.

Experts

Except for the reports of the Auditors on Restated Unconsolidated Financial Statements and Restated Consolidated Financial Statements and the Statement of Tax Benefits included in this Draft Red Herring Prospectus on pages 170, 242 and 95, the certificates received from DKV & Associates, Chartered Accountants dated March 2, 2015 and the certificate received from Dhananjay Datar and Associates, Architects and Valuers dated January 15, 2015, our Company has not obtained any expert opinions. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Inter-se Statement of Responsibilities for the Offer

The following table sets forth the responsibilities of the BRLMs in relation to this Offer.

Sl. No.	Activity	Responsibility	Coordination
1.	Capital structuring with relative components and formalities such as type of instruments, etc.	SBICAP, HDFC, IIFL	SBICAP
2.	Due diligence of Company's operations/ management/ business plans/ legal etc. Drafting and design of Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Prospectus and RoC filings of the same. Drafting and approval of all statutory advertisements.	SBICAP, HDFC, IIFL	SBICAP
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure etc.	SBICAP, HDFC, IIFL	HDFC
4.	Appointment of intermediaries viz., Registrar(s), Printers, Escrow Collection Banks, Advertising Agency, etc.	SBICAP, HDFC, IIFL	SBICAP
5.	Preparation of roadshow presentation and FAQs	SBICAP, HDFC, IIFL	HDFC
6.	International and Domestic institutions / banks / mutual funds marketing strategy • Finalizing the list and division of investors for one to one meetings; • Finalizing the International and domestic road show schedule and the investor meeting schedules	SBICAP, HDFC, IIFL	SBICAP
7.	Non-institutional and Retail Marketing of the Issue, which will cover *inter alia*: • Formulating marketing strategies, preparation of publicity budget; • Finalizing media and public relations strategy; • Finalizing center for holding conferences for press and brokers, etc.; • Follow-up on distribution of publicity and Issue material including forms, the Prospectus and deciding on the quantum of Issue material; and • Finalizing collection centres	SBICAP, HDFC, IIFL	HDFC
8.	Finalization of pricing in consultation with Company	SBICAP, HDFC, IIFL	SBICAP
9.	Managing the book and coordination with Stock-Exchanges for Book building software, Bidding terminals and mock trading	SBICAP, HDFC,IIFL	HDFC
10.	Post Issue activities shall involve follow up steps including management of escrow accounts, co-ordinate non-institutional and institutional allocation, intimation of allocation and dispatch of refunds to bidders etc. The Post Issue activities for the Issue will involve essential follow up steps, which include the finalization of basis of Allotment, dispatch of refunds, demat and delivery of shares, finalization of listing and trading of instruments with the various agencies connected with the work such as the Registrar(s) to the Issue, Escrow Collection Banks and Self Certified Syndicate Banks and regular monitoring of investor grievances for redressal	SBICAP, HDFC,IIFL	SBICAP

Book Building Process

The Book Building Process, with reference to the Offer, refers to the process of collection of Bids on the basis of the Red Herring Prospectus and the Bid cum Application Forms. The Price Band, the minimum Bid lot size for the Offer will be decided by our Company and the Selling Shareholders in consultation with the BRLMs, and advertised in the all editions of Business Standard, (a widely circulated English national newspaper), all editions of Business Standard (Hindi) (a widely circulated Hindi national newspaper) and in the Solapur edition of Tarun Bharat (a widely circulated Marathi newspaper, Marathi being the regional language of Maharashtra where our Registered and Corporate Offices are located), at least five Working Days prior to the Bid/Offer Opening Date, and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Offer Price shall be determined by our Company and the Selling Shareholders, in consultation with the BRLMs, in accordance with the Book Building Process, after the Bid/Offer Closing Date. The principal parties involved in the Book Building Process are:

- our Company;
- the Selling Shareholders;
- the BRLMs;
- the Syndicate Members, who are intermediaries registered with SEBI or registered as brokers with the Stock Exchanges and eligible to act as Underwriters;
- the Registrar to the Offer;
- the Registered Brokers;
- the Escrow Collection Banks; and
- the SCSBs.

Pursuant to Rule 19(2)(b)(ii) of the SCRR, the Offer is being made for [●]% of the post-Offer paid-up Equity Share capital of our Company. As the post Offer capital of our Company calculated at Offer Price is ₹ [●], which is greater than ₹ 16,000 million but less than or equal to ₹ 40,000 million, the Offer is required to be made for at least such percentage of Equity Shares issued by the Company equivalent to the value of ₹ 4,000 million. The Offer is being made through the Book Building Process where 50% of the Offer will be available for allocation to QIBs on a proportionate basis, provided that our Company and the Selling Shareholders, in consultation with the BRLMs, may allocate up to 60% of the QIB Category to Anchor Investors at the Anchor Investor Offer Price, on a discretionary basis, of which at least one-third will be available for allocation to domestic Mutual Funds. Further, 5% of the QIB Category (excluding the Anchor Investor Portion) will be available for allocation on a proportionate basis to Mutual Funds only. The remainder will be available for allocation on a proportionate basis to all QIBs including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer will be available for allocation on a proportionate basis to Non-Institutional Investors subject to valid Bids being received at or above the Offer Price. Further, not less than 35% of the Offer will be available for allocation to Retail Individual Investors in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Under-subscription, if any, in any category, except the QIB Category, would be met with spill-over from any other category or categories, as applicable, on a proportionate basis, subject to applicable laws.

QIBs (excluding Anchor Investors) and the Non-Institutional Investors can participate in this Offer only through the ASBA process and Retail Individual Investors have the option to participate either through the ASBA process or the Non-ASBA process. Anchor Investors are not permitted to participate through the ASBA process.

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 finalization of Basis of Allotment. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bidding Date. For further details, see "***Offer Structure***" on page 335.

Our Company will comply with the SEBI ICDR Regulations and any other ancillary directions issued by SEBI for the Offer. The Selling Shareholders will comply with the SEBI ICDR Regulations in relation to their respective Offer for Sale portions. In this regard, our Company and the Selling Shareholders have appointed the BRLMs to manage the Offer and procure subscriptions to the Offer.

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

Illustration of Book Building and Price Discovery Process *(Investors should note that this example is solely for illustrative purposes and is not specific to the Offer, and also excludes bidding under the ASBA process)*

Bidders can bid at any price within the Price Band. For instance, assume a price band of ₹ 20 to ₹ 24 per equity share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book below shows the demand for the equity shares of the issuer company 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 issue the desired number of shares is the price at which the book cuts off, i.e., ₹ 22 in the above example. The issuer, in consultation with the BRLMs will, finalize the issue price at or below such cut-off price, i.e., at or below ₹ 22. All bids at or above this issue price are valid bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a Bid (For further details, see "***Offer Procedure - Who Can Bid***" on page 344).

2. Ensure that you have a dematerialised account and the dematerialised account details are correctly mentioned in the Bid cum Application Form, as applicable.

3. Ensure correctness of your PAN, DP ID and Client ID mentioned in the Bid cum Application Form. Based on these parameters, the Registrar to the Offer will obtain the Demographic Details of the Bidders from the Depositories.

4. Except for Bids on behalf of the Central or State Government officials, residents of Sikkim and the officials appointed by the courts, who may be exempt from specifying their PAN for transacting in the securities market, for Bids of all values ensure that you have mentioned your PAN allotted under the Income Tax Act in the Bid cum Application Form. The exemption for Central or State Governments and officials appointed by the courts and for investors residing in Sikkim is subject to the Depositary Participant's verification of the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims.

5. Ensure that the Bid cum Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application Form.

6. Bids by ASBA Bidders will have to be submitted to the designated branches of the SCSBs or to the Syndicate at the Specified Locations or to the Registered Brokers at the Broker Centres. Ensure that the SCSB where the ASBA Account (as specified in the Bid cum Application Form) is maintained has named at least one branch at the Specified Location or the Broker Centre for the members of the Syndicate or the Registered Broker, respectively, to deposit Bid cum Application Forms (a list of such branches is available at the website of the SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries.

7. Bids by ASBA Bidders may be submitted in the physical mode to the Syndicate at the Specified Locations or to the Registered Brokers at the Broker Centres and either in physical or electronic mode, to the SCSBs with whom the ASBA Account is maintained. ASBA Bidders should ensure that the ASBA Accounts have adequate credit balance at the time of submission to the SCSB or the Syndicate or the Registered Brokers to ensure that the Bid cum Application Form is not rejected.

8. Bids by non-ASBA Bidders will have to be submitted to the Syndicate (or their authorised agents) at the bidding centres or to the Registered Brokers at the Broker Centres.

9. Bids by QIBs (other than Anchor Investors) and Non-Institutional Investors must be submitted through the ASBA process only.

10. Bids received from the RIIs at or above the Issue 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 Issue 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 Issue 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 Issue 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 Issue 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.

    For details see "***Offer Procedure***" on page 343.

Underwriting Agreement

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

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

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

(₹ in million)

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

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

In the opinion of our Board (based on representations made to our Company by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with the SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s).

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 the 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.

CAPITAL STRUCTURE

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

		Aggregate value at face value (₹)	Aggregate value at Offer Price (₹)
A.	**Authorized Share Capital***		
	100,000,000 Equity Shares of ₹ 10 each	1,000,000,000	-
B.	**Issued, Subscribed and Paid-up Share Capital prior to the Offer**		
	81,841,600 Equity Shares of ₹ 10 each	818,416,000	-
C.	**The Offer****		
	Offer of up to [●] Equity Shares of ₹ 10 each	[●]	[●]
	Of which:		
	Fresh Issue of up to [●] Equity Shares of ₹ 10 each	[●]	[●]
	Offer for Sale of up to 8,640,000 Equity Shares of ₹ 10 each	[●]	[●]
	Of which:		
	QIB Category of [●] Equity Shares***	[●]	[●]
	Of which:		
	- [●] Equity Shares shall be available for allocation to Mutual Funds only	[●]	[●]
	- [●] Equity Shares shall be available for all QIBs including Mutual Funds	[●]	[●]
	Non Institutional Category of not less than [●] Equity Shares	[●]	[●]
	Retail Category of not less than [●] Equity Shares	[●]	[●]
D.	**Issued, Subscribed and Paid-up Share Capital after the Offer**		
	[●] Equity Shares of ₹ [●] each	[●]	[●]
E.	**Share Premium Account**		
	Prior to the Offer		157,800,000
	After the Offer		[●]

For details in the changes of the authorized share capital of our Company, see "History and Certain Corporate Matters**" on page 142.*
***The Fresh Issue has been authorized by our Board of Directors pursuant to their resolution dated November 24, 2014 and by our Equity Shareholders pursuant to their resolution passed at an annual general meeting held on December 30, 2014. The Individual Selling Shareholders have authorized their respective participation in the Offer for Sale, pursuant to their letters dated March 2, 2015 and our Corporate Selling Shareholder has authorized its participation in the Offer for Sale, pursuant to a resolution passed by its Board of Directors dated March 2, 2015. For details, see "**Other Regulatory and Statutory Disclosures**" on page 320.*
****Our Company and the Selling Shareholders in consultation with the BRLMs may allocate up to 60% of the QIB Portion, consisting of [●] Equity Shares, 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 Anchor Investor Offer Price. In case of under-subscription in the Anchor Investor Portion, the remaining Equity Shares will be added to the QIB Portion. For more information, see "**Offer Procedure**" on page 343.*

Offer for Sale by Selling Shareholders

The Offer comprises an Offer for Sale of upto 8,640,000 Equity Shares aggregating up to ₹ [●] by the Selling Shareholders.

S. no	Name of Selling Shareholders	Total number of Equity Shares currently held	Maximum number of Equity Shares offered for Offer for Sale
1	Mr. Yatin Shah	39,378,400	2,800,000
2	Dr. Suhasini Shah	10,953,200	800,000

S. no	Name of Selling Shareholders	Total number of Equity Shares currently held	Maximum number of Equity Shares offered for Offer for Sale
3	Mr. Jayant Aradhye	11,202,000	2,400,000
4	Cams Technology Limited	16,078,800	2,640,000
	Total	77,612,400	8,640,000

The Equity Shares being offered pursuant to the Offer for Sale have been held by the Selling Shareholders for a period of at least one year immediately preceding the date of this Draft Red Herring Prospectus and, 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 the DRHP. The Equity Shares being offered in the Offer for Sale issued under a bonus issue, were issued out of free reserves and share premium existing as at March 31, 2014.

Notes to Capital Structure

1. **Share Capital History**

The equity share capital history of our Company is set forth below.

Date of allotment	Number of equity shares	Face value (₹)	Issue/ Purchase Price (₹)	Nature of Consideration	Nature of allotment	Cumulative paid-up Equity Share capital (₹)
June 8, 1992	20	100	100	Cash	Subscription to the MoA[1]	2,000
November 21,1993	31,980	100	100	Cash	Preferential Allotment[2]	3,200,000
July 13, 1994	8,000	100	100	Cash	Preferential Allotment[3]	4,000,000
March 5, 1997	62,000	100	100	Cash	Preferential Allotment[4]	10,200,000
June 26, 1997	22,350	100	100	Cash	Preferential Allotment[5]	12,435,000
September 5, 1997	66,360	100	569.62	Cash	Preferential Allotment[6]	19,071,000
March 5, 1999	7,300	100	N.A.	N.A.	Bonus issue[7]	19,801,000
June 18, 1999	29,400	100	500	Cash	Rights Issue[8]	22,741,000
August 27, 2000	131,901	100	N.A.	Consideration other than cash	Allotment pursuant to the scheme of amalgamation of Precision Shellcast Limited (**"PSL"**) and PCL, approved by the Court. For details of the Scheme, please see ***"History and Certain Corporate Matters"*** on page 142.[9]	35,931,100
April 6, 2001	(7,300)	100	N.A.	N.A.	Cancellation of bonus shares[10]	35,201,100
March 27, 2008	(82,722)	100	N.A.	Consideration other Cash	Buy-back pursuant to a Scheme of Arrangement between Precision Valvetrain Private Limited (**"PVPL"**) and our Company, approved by the Court. For details of the Scheme, please see ***"History and Certain Corporate Matters"*** on page 142.	26,928,900
August 14, 2008	39,919	100	3,100.03	Cash	Preferential allotment[11]	30,920,800

Date of allotment	Number of equity shares	Face value (₹)	Issue/ Purchase Price (₹)	Nature of Consideration	Nature of allotment	Cumulative paid-up Equity Share capital (₹)
February 27, 2014	100,000	100	100	Cash	Allotment against exercise of options granted under ESOP scheme- PCL KESOS 2014[12]	40,920,800
December 30, 2014	Sub-division of 1 equity share of face value ₹100 each into 10 Equity Shares of ₹ 10 each. Therefore, 409,208 equity shares of ₹ 100 were split into 4,092,080 Equity Shares of ₹ 10 each.					
February 6, 2015	77,749,520	10	N.A.	N.A.	Bonus Issue in the ratio of 19:1[13]	818,416,000
TOTAL	81,841,600					818,416,000

[1] Subscription to 10 equity shares each to Mr. Yatin Shah and Late Mr. Subhash Shah.
[2] Allotment of 500 equity shares each to Mr. B.N. R.R. Suparna and Mr. Yeshwant S. Kelkar, 200 equity shares to Dr. Manjiri V. Chitale, 1,000 equity shares to Mr. Anil W. Mansabdar, 2,720 equity shares to Mr. Yatin Shah, 3,820 equity shares to Late Mr. Subhash Shah, 1,100 equity shares to Ms. Urmila Shah, 2,000 equity shares to Dr. Suhasini Shah, 800 equity shares to Mr. Maneesh Aradhye, 1,000 equity shares to Dr. Sunita Aradhye, 5,660 equity shares to Mr. Jayant Aradhye and 6,340 equity shares each to Mr. Prabhakar G. Chitale and Mr. Arvind G. Chitale.
[3] Allotment of 1,980 equity shares to Mr. Yatin Shah, 1,460 equity shares to Dr. Manjiri Chitale,465 equity shares to Dr. Sunita Aradhye, 2,775 equity shares to Mr. Jayant Aradhye, 1,000 equity shares to Mr. Vijay Aradhye and 320 equity shares to Mr. Prabhakar G. Chitale
[4] Allotment of 3,265 equity shares to Late Mr. Subhash Shah, 1,035 equity shares to Ms. Urmila Shah, 10,670 equity shares to Mr. Yatin Shah, 5,720 equity shares to Dr. Suhasini Shah, 1,500 equity shares to Ms. Usha Suparna, 14,160 equity shares to Mr. Jayant Aradhye, 9,750 equity shares to Mr. Arvind G Chitale jointly with Ms. Kanishka P Chitale, 500 equity shares to Mr. Yeshwant S Kelkar, 4,000 equity shares to Mr. Maneesh Aradhye, 1,000 equity shares to Dr. Sunita Aradhye and 5,200 equity shares each to Mr. Prabhakar G Chitale and Mr. Arvind G Chitale.
[5] Allotment of 10,057 equity shares to Dr. Suhasini Shah, 7,823 equity shares to Mr. Jayant Aradhye and 2,235 equity shares each to Mr. Yatin Shah and Late Mr. Subhash Shah.
[6] Allotment of 66,360 equity shares to Nandi Investments Limited.
[7] Allotment of 7,300 equity shares to Nandi Investments Limited.
[8] Allotment of 10,936 equity shares to Nandi Investments Limited,1,394 equity shares to Late Mr. Subhash Shah, 1,600 equity shares to Subhash Shah (H.U.F.), 790 equity shares to Ms. Urmila Shah, 1,751 equity shares to Mr. Yatin Shah, 816 equity shares to Dr. Suhasini Shah, 37 equity shares each to Mr. Mahendra M. Deosthali and Ms. Sudhanshu G Joshi, 2,720 equity shares to Mr. Jayant Aradhye, 1,620 equity shares to Dr. Sunita Aradhye, 1,659 equity shares to Mr. Maneesh Aradhye, 40 equity shares to Ms. Jyoti P Wayangankar and 6,000 equity shares to Mr. Arvind G. Chitale.
[9] Allotment of 7,416 equity shares to Late Mr. Subhash Shah, 5,638 equity shares to Ms. Urmila Shah, 13,813 equity shares to Mr. Yatin Shah, 2,373 equity shares Dr. Suhasini Shah, 23,220 equity shares to Mr. Jayant Aradhye, 1,720 equity shares to Mr. Maneesh Aradhye, 3,440 equity shares to Ms. Jyoti P. Wayangankar, 28,380 equity shares to Mr. Arvind G. Chitale and 45, 901 equity shares to Nandi Investments Limited.
[10] The Company allotted 7,300 equity shares of ₹100 each to Nandi Investments Limited on March 5, 1999, which were cancelled on April 6, 2001, pursuant to a resolution passed by our Board of Directors.
[11] Allotment of 39,919 equity shares to Tata Capital Limited, pursuant to a Share Subscription Agreement dated July 31, 2008.
[12] Allotment of 33,600 equity shares to Dr. Suhasini Shah, 1,750 equity shares each to Mr. Achyut Vasudeo Gadre, Mr. Ajitkumar Jugraj Jain, Mr. Rajkumar Krishnath Kashid and Mr. Madhav Ganpatrao Valase, 1,200 equity shares to Mr. Deepak Prabhakar Kulkarni, 1,000 equity shares to Mr. Pradeep Madhukar Mahindraker, 900 equity shares each to Mr. Kirti Raviprakash Mengar, Mr. Shivram Bhalchandra Ghanekar, Mr. Sanjeev Nagnath Malvadkar and Mr. Rajesh Ratnakar Gade, 800 equity shares each to Mr. Chidanand Shankar Mundodgi and Mr. Amol Pradeep Pansare, 500 equity shares each to Mr. Satyavijay Dattatraya Baraskar, Mr. Sidram Gurupaddapa Ujlambe, Ms. Maithili Mangesh Deshmukh and Ms. Aarohi Devendra Deosthali and 50,000 equity shares to Mr. Yatin Shah.
[13] Allotment of 37,409,480 Equity Shares to Mr. Yatin Shah, 15,274,860 Equity Shares to Cams Technology Limited, 10,641,900 Equity Shares to Mr. Jayant Aradhye, 10,405,540 Equity Shares to Dr. Suhasini Shah, 1,554,010 Equity Shares to Mr. Maneesh Aradhye, 776,150 Equity Shares to Dr. Sunita Aradhye, 661,200 Equity Shares to Mr. Rama Aradhye, 277,400 Equity Shares to Dr. Manjiri Chitale, 228,000 Equity Shares to Dr. Veena Mansabdar, 190,000 Equity Shares each to Mr. Yashwant Kelkar and Mr. Vijaykumar Aradhye, 54,530 Equity Shares each to Mr. Mahendra Deosthali and Mr. Sudhanshu Joshi, 28,120 Equity Shares to Mr. Kedar Aradhye and 1,900 Equity Shares each to Mr. Karan Shah and Ms. Tanvi Shah..

(a) Our Company had issued 32,000 redeemable preference shares of ₹ 100 each on November 21, 1993 which were redeemed on March 5, 1997. Our Company had issued 1,807,692 optionally convertible cumulative redeemable preference shares (**"OCCRPS"**) of ₹ 100 each at a premium of ₹ 30 per share to Tata Capital Limited on March 27, 2008. 923,076 OCCRPS were redeemed on February 17, 2010, 461,538 OCCRPS were redeemed on October 4, 2010 and 423,078 OCCRPS were redeemed on January 3, 2011.

As on the date of this Draft Red Herring Prospectus, the Company does not have any issued, subscribed or paid-up Preference Share Capital.

2. **Issue of Shares for Consideration other than Cash**

Except as detailed below, no shares of the Company have been issued for consideration other than cash.

Date of allotment	Number of Shares	Face Value (₹)	Issue Price (₹)	Benefits accrued to our Company	Share Capital (₹)
August 27, 2000	131,901 equity shares	100	N.A.	Allotment pursuant to scheme of amalgamation between PSL and our Company dated February 11, 1999, approved by the Court, whereby our Company issued 1.72 equity shares to each shareholder of PSL for every 1 Equity Share of PSL held. *	13,190,100
March 27, 2008	1,807,692 OOCRPS	100	130	Allotment of 1,807,692 OCCRPS to Tata Capital Limited pursuant to a share subscription agreement dated March 27, 2008 and scheme of arrangement between PVPL and our Company.**	1,80,769,200
Post sub-division of equity shares					
February 6, 2015	77,749,520 Equity Shares	10	N.A.	Bonus issue in the ratio of 19:1	777,495,200

** For details of the scheme of amalgamation and the benefits accrued to our Company, see "**History and Certain Corporate Matters**" and "**Our Business**" on pages 142 and 120, respectively.*
***For details of the share subscription agreement and the scheme of merger between PVPL and our Company and the benefits accrued to our Company, see "**History and Certain Corporate Matters**" and "**Our Business**" on pages 142 and 120, respectively.*

The Company allotted 7,300 bonus equity shares of ₹100 each to Nandi Investments Limited on March 5, 1999, which were cancelled on April 6, 2001, pursuant to a resolution passed by our Board of Directors.

(a) *Issue of shares out of Revaluation Reserves*

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

3. **Issue of equity shares in the Last One Year**

Date of allotment	Number of equity shares	Face value (₹)	Issue Price (₹)	Nature of Consideration	Nature of allotment	Equity Share capital (₹)
Post sub-division of equity shares						
February 6, 2015	77,749,520	10	N.A.	N.A.	Bonus issue in the ratio of 19:1	777,495,200

4. **Employee Stock Options**

(a) *PCL KESOS -2014*

Pursuant to a resolution of our Board of Directors dated November 28, 2013, and shareholders' resolution dated January 30, 2014, our Company had instituted the PCL Key Executives Stock Option Scheme, 2014 ("**PCL KESOS 2014**"). In accordance with the PCL KESOS 2014, the aggregate number of options to be granted shall not exceed 32.34% of the total issued equity share capital of our Company as on March 31, 2013 (being 100,000 equity shares of ₹ 100 each). Our Company has granted 100,000 options convertible into 100,000 equity shares of face value of ₹ 100 each to eligible employees under the PCL KESOS 2014 on November 28, 2013, of which all have been exercised as on the date of the Draft Red Herring Prospectus.

(b) *PCL ESOS- 2015*

Pursuant to a resolution of our Board of Directors dated November 24, 2014, and shareholders' resolution dated December 30, 2014, our Company has instituted the Precision Camshafts Limited Employees' Stock Option Scheme- 2015 ("**PCL ESOS- 2015**"). In accordance with the PCL ESOS-2015, the aggregate number of options to be granted shall not exceed 0.73% of the total capital of our Company (being 600,000 Equity Shares of ₹ 10 each). Our Company has granted 382,950 options on February 6, 2015, convertible into 382,950 Equity Shares of face value of ₹ 10 each to eligible employees under the PCL- ESOS 2015 of which all are outstanding and none have vested or been exercised.

As certified by DKV & Associates, chartered accountants, pursuant to their certificate dated March 2, 2015, PCL ESOS 2015 is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the SEBI ICDR Regulations.

Particulars	**Details for the**			
Options granted	**Fiscal 2012**	**Fiscal 2013**	**Fiscal 2014**	**As on March 2, 2015**
	Nil	Nil	Nil	382,950
	Total			
	Nil	Nil	Nil	382,950
Pricing formula	Pursuant to the PCL- ESOS 2015, the options are priced at ₹ 10			
Vesting period	Pursuant to the PCL- ESOS 2015, the vesting period is from one to five years, as determined by the Nomination Remuneration Committee			
Options vested (excluding the options that have been exercised)	Nil	Nil	Nil	Nil
Options exercised	Nil	Nil	Nil	Nil
The total number of options exercisable at the end of the year	Nil	Nil	Nil	Nil
Options forfeited/lapsed/cancelled	Nil	Nil	Nil	Nil
Variation of terms of options	Nil	Nil	Nil	No variations in the terms of the options
Money realized by exercise of options	Nil	Nil	Nil	Nil
Total number of options in force	Nil	Nil	Nil	382,950
Employee wise details of options granted to Directors/senior management personnel	**Name of our Director**		**No. of options granted under ESOP Scheme**	
	N.A.		N.A.	
	Name of the senior management personnel		**No. of options granted under ESOP Scheme**	
	Mr. Ajitkumar Jain		4,000	
	Mr. Achyut Gadre		4,000	
	Mr. M.G. Valse		4,000	
	Mr. Rajkumar Kashid		4,000	
	Mr. Deepak Kulkarni		3,000	
	Total		19,000	
Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year	**Name of Employee**		**No. of options granted under ESOP Scheme**	
			Nil	
Identified directors/employees who were granted options during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant	Nil			
Fully diluted EPS pursuant to issue of shares on exercise of options in accordance with the relevant accounting standard	N.A.			
Difference, if any, between employee compensation cost calculated according using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options and impact on the profits of our Company and on the EPS arising due to difference in accounting treatment and for calculation of the employee compensation cost (i.e., difference of the fair value of stock options over the intrinsic value of the stock options)	N.A.			

Particulars	Details for the
Weighted average exercise price and the weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the stock	**Weighted average exercise price of Options granted during the year**:
	₹ 10
	Weighted average fair value of options granted during the year:
	₹267.80
Method and significant assumptions used to estimate the fair value of options granted during the year	Black Scholes valuation methodology
Method used (all figures as on March 2,2015)	
Risk free interest rate	7.70%
Expected life	
- Director	N,A.
- Employee	3-5 years from the date of grant
Expected volatility	33.5%
Expected dividends	Factored in price movement
Exercise Price	₹ 10
Price of underlying shares (intrinsic value of share) at the time of the options grant	₹265.10
Intention of the holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer	N.A.
Intention to sell Equity Shares arising out of the ESOP Scheme within three months after the listing of Equity Shares by directors, senior management personnel and employees having Equity Shares arising out of the ESOP Scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	N.A.
Impact on the profits and on the Earnings Per Share of the last three years if the issuer had followed the accounting policies specified in clause 13 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 in respect of options granted in the last three years.	N.A.

5. **Build up of our Promoters' Shareholding, Promoters' Contribution and Lock-In**

(a) *Build up of our Promoters' shareholding in our Company*

As of the date of this Draft Red Herring Prospectus, our Promoters collectively hold 50,331,600 Equity Shares, which constitutes 61.5% of the issued, subscribed and paid-up Equity Share capital of our Company.

None of the Equity Shares held by our Promoters is subject to any pledge.

The build-up of the equity shareholding of our Promoters, since the incorporation of our Company is set forth below.

Date of allotment/transfer	No. of equity shares	Face value (₹)	Issue/Purchase/Selling Price (₹)	Source of Funds/ Cash/other than Cash	Nature of allotment
Mr. Yatin Shah					
June 8, 1992	10	100	100	Cash	Subscription to MOA
November 21, 1993	2,720	100	100	Cash	Preferential Allotment
July 13, 1994	1,980	100	100	Cash	Preferential Allotment
March 5, 1997	10,670	100	100	Cash	Preferential Allotment
June 26, 1997	2,235	100	100	Cash	Preferential Allotment
June 18, 1999	1,751	100	500	Cash	Rights Issue
August 27, 2000	13,813	100	N.A.	Consideration other than cash	Allotment pursuant to the scheme of

Date of allotment/transfer	No. of equity shares	Face value (₹)	Issue/Purchase/Selling Price (₹)	Source of Funds/ Cash/other than Cash	Nature of allotment
					amalgamation of Precision Shellcast Limited (**"PSL"**) and PCL, approved by the Court. For details of the Scheme, please see ***"History and Certain Corporate Matters"*** on page 142.
March 27, 2008	10	100	100	Cash	Acquisition from Mr. Gangadhar Shirude, Secretary Shikshan Prasark Mandali
September 9, 2011	19,740	100	N.A.	N.A.	Transmission of equity shares of Late Mr. Subhash Shah due to demise of late Mr. Subash Shah
February 26, 2012	56,000	100	1,785.71	Cash	Acquisition from Mr. Arvind G. Chitale[1]
September 29, 2012	10,063	100	100	Cash	Acquisition from Ms. Urmila Shah
April 11, 2013	(20)	100	N.A.	N.A.	Gift to Mr. Karan Shah and Ms. Tanvi Shah
February 27, 2014	50,000	100	100	Cash	Allotment against exercise of options granted under ESOP scheme- PCL KESOS 2014
July 17, 2014	16,400	100	3,530		Acquisition of shares from Mr. Achyut Vasudeo Gadre, Mr. Ajitkumar Jugraj Jain, Mr. Rajkumar Krishnath Kashid, Mr. Madhav Ganpatrao Valase, Mr. Deepak Prabhakar Kulkarni, Mr. Pradeep Madhukar Mahindraker, Mr. Kirti Raviprakash Mengar, Mr. Shivram Bhalchandra Ghanekar, Mr. Sanjeev Nagnath Malvadkar, Mr. Rajesh Ratnakar Gade, Mr. Chidanand Shankar Mundodgi, Mr. Amol Pradeep Pansare, Mr. Satyavijay Dattatraya Baraskar, Mr. Sidram Gurupaddapa Ujlambe, Ms. Maithili Mangesh Deshmukh and Ms. Aarohi Devendra Deosthali
July 18, 2014	11,520	100	2,690.97	Cash	Acquisition of shares from Mr. Arvind G. Chitale
December 30, 2014	Sub-division of 1 equity share of face value ₹100 each into 10 Equity Shares of ₹ 10 each. Therefore, 409,208 equity shares of ₹ 100 were split into 4,092,080 Equity Shares of ₹ 10 each.				

Date of allotment/transfer	No. of equity shares	Face value (₹)	Issue/Purchase/Selling Price (₹)	Source of Funds/ Cash/other than Cash	Nature of allotment
February 6, 2015	37,409,480	10	N.A.	N.A.	Bonus Issue in the ratio 19:1
Total (A)	39,378,400				
Dr. Suhasini Shah					
November 21, 1993	2,000	100	100	Cash	Preferential Allotment
January 25, 1996	(13)	100	100	Cash	Transfer to Ms. Nilima Ghosal, Ms. Joyeta Ghosal, Ms. Rajani Doke, Ms. Pooja Doke, Ms. Richa Doke, Ms. Radha Ramratnam, Mr. Raja Ramratnam, Ms. P.K. Ramratnam, Mr. K.V. Ramratnam, Mr. A.M. Ghosal, Mr. V.D. Sahastrabuddhe, Ms. A.A. Panse and Ms. S.M. Deosthali
June 15, 1996	(4)	100	100	Cash	Ms. Salini Singh, Mr. V.B. Natu, Ms. R.K. Damle and Ms. Kirti Chitale
October 1, 1996	(8)	100	100	Cash	Transfer to Ms. Smita V. Natu, Mr. Ashok Chitale, Ms. T V Natu, Ms. Kiran Ahuja, Mr. Nilesh Ahuja, Ms. A. A. Chitale, Mr. Vijay Sahastrabuddhe and Ms. Ojswini Chawla
March 5, 1997	5,720	100	100	Cash	Preferential Allotment
June 26, 1997	10,057	100	100	Cash	Preferential Allotment
March 6, 1998	4	100	100	Cash	Acquisition from Mr. Vishnu Sahastrabuddhe, Mr. Vijay Sahastrabuddhe, Ms. Savita Deosthali and Ms. Shalini Singh
November 23, 1998	8	100	100	Cash	Acquisition from Mr. V.B. Natu, Ms. Smita V. Natu, Ms. Tanvi Natu, Ms. Kiran Ahuja, Mr. Nilesh Ahuja, Mr. Ashok Chitale, Ms. R.K. Damle and Ms. Kirti Chitale
February 9, 1999	8	100	100	Cash	Acquisition from Ms. Arti Chitale, Ms. Ojaswini Chitale, Ms. Nilima Ghosal, Ms. Joyeta Ghosal, Mr. A.M. Ghosal, Ms. Rajani Doke, Ms. Pooja Doke and Ms. Richa Doke
March 5, 1999	5	100	100	Cash	Acquisition from Mr. K.V. Ramratnam, Ms. P.K. Ramratnam, Mr. Raja Ramratnam, Ms. Radha Ramratnam and Ms. A.A. Panse.

Date of allotment/transfer	No. of equity shares	Face value (₹)	Issue/Purchase/Selling Price (₹)	Source of Funds/ Cash/other than Cash	Nature of allotment
June 18, 1999	816	100	500	Cash	Rights Issue
August 27, 2000	2,373	100	N.A.	Consideration other than cash	Allotment pursuant to the scheme of amalgamation of PSL and PCL, approved by the Court. For details of the Scheme, please see ***"History and Certain Corporate Matters"*** on page 142
February 27, 2014	33,600	100	100	Cash	Allotment against exercise of options granted under ESOP scheme- PCL KESOS 2014
November 24, 2014	200	100	N.A.	N.A.	Gift from Late Dr. Vinayak Chitale
December 30, 2014	Sub-division of 1 equity share of face value ₹100 each into 10 Equity Shares of ₹ 10 each. Therefore, 409,208 equity shares of ₹ 100 were split into 4,092,080 Equity Shares of ₹ 10 each.				
February 6, 2015	10,405,540	10	N.A.	N.A.	Bonus Issue in the ratio 19:1
Total (B)	10,953,200				
Total (A+B)	50,331,600				

[1] *56,000 equity shares transferred from Mr. Arvind Chitale on February 26, 2012 are jointly held by Mr. Yatin Shah and Dr. Suhasini Shah.*
[2] *11,520 equity shares transferred from Mr. Arvind Chitale on July 18, 2014 are jointly held by Mr. Yatin Shah and Dr. Suhasini Shah.*

Our Promoters have confirmed to our Company and the BRLMs that the Equity Shares held by our Promoters have been financed from their personal funds and no loans or financial assistance from any bank or financial institution has been availed by them for such purpose.

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

The table below presents the shareholding of our Promoter and Promoter Group, who hold Equity Shares as on the date of filing of this Draft Red Herring Prospectus:

Name of Shareholder	Pre-Offer		Post-Offer *	
	No. of Equity Shares	Percentage of issued Equity Share capital (%)	No. of Equity Shares	Percentage of issued Equity Share capital (%)
Promoters				
Mr. Yatin Shah	39,378,400	48.12	36,578,400	[●]
Dr. Suhasini Shah	10,953,200	13.38	10,153,200	[●]
Sub Total (A)	50,331,600	61.50	46,731,600	[●]
Promoter Group				
Dr. Manjiri Chitale	292,000	0.36	292,000	[●]
Mr. Karan Shah	2,000	Negligible	2,000	[●]
Ms. Tanvi Shah	2,000	Negligible	2,000	[●]
Cams Technology Limited	16,078,800	19.65	13,438,800	[●]
Sub Total (B)	16,374,800	20.01	13,734,800	[●]
Total Promoter and Promoter Group (A) + (B)	66,706,400	81.51	60,466,400	[●]

**Assuming full subscription in the Offer, and assuming no participation in the Offer by our Promoter and Promoter Group, other than to the extent of participation in the Offer for Sale.*

(c) *Details of Promoter's Contribution Locked-in for Three Years*

Pursuant to the SEBI ICDR Regulations, an aggregate of at least 20% of the post Offer Equity Share capital of our Company held by our Promoters shall be locked-in for a period of three years from the date of Allotment.

279,200 Equity Shares acquired by Mr. Yatin Shah, aggregating to 0.3% of our issued and paid up capital, are not eligible for Promoters' Contribution, pursuant to Regulation 33(1)(b) of the SEBI ICDR Regulations, as these Equity Shares were acquired in last one year from the date of the Draft Red Herring Prospectus at a price which maybe lower than the Offer Price. Additionally, 5,304,800 Equity Shares held by Mr. Yatin Shah, aggregating to 6.4% of our issued and paid up capital, have resulted from a bonus issue against 279,200 Equity Shares of the Company which are ineligible for minimum Promoters' Contribution due to the above-mentioned issue. Therefore, pursuant to Regulation 33(1)(a)(ii) of the SEBI ICDR Regulations, a total of 5,584,000 Equity Shares are not eligible for Promoters' contribution.

The remaining Equity Shares held by our Promoters, Mr. Yatin Shah and Dr. Suhasini Shah, are eligible for Promoters' contribution, pursuant to Regulation 33 of the SEBI ICDR Regulations.

Accordingly, Equity Shares aggregating 20% of the post Offer capital of our Company, held by our Promoters shall be locked-in for a period of three years from the date of Allotment in the Offer as follows:

Name of Promoter	Number of Equity Shares locked-in as part of Promoter's Contribution	Face Value (₹)	Percentage of pre-Offer Capital	Percentage of post-Offer Capital
Mr. Yatin Shah	[●]	10	[●]	[●]
Dr. Suhasini Shah	[●]	10	[●]	[●]
Total	[●]	10	[●]	[●]

For details on build up of Equity Shares held by our Promoters, see "***– Build up of our Promoters' shareholding in our Company***" at page 72.

Our Promoters consent to the inclusion of the Equity Shares held by them as part of Promoter's contribution subject to lock-in and the Equity Shares proposed to form part of Promoters' contribution subject to lock-in shall not be disposed/ sold/ transferred by our Promoters during the period starting from the date of filing this Draft Red Herring Prospectus with SEBI until the date of commencement of the lock-in period.

The Promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as 'promoters' under the SEBI ICDR Regulations. The Equity Shares that are being locked-in are not ineligible for computation of Promoters' contribution under Regulation 33 of the SEBI ICDR Regulations. In this respect, we confirm the following:

i. The Equity Shares offered for minimum Promoters' contribution have not been acquired in the three years immediately preceding the date of this Draft Red Herring Prospectus for consideration other than cash and revaluation of assets or capitalization of intangible assets, nor have resulted from a bonus issue out of revaluation reserves or unrealized profits of our Company or against Equity Shares which are otherwise ineligible for computation of Promoter's contribution;

ii. The minimum Promoters' contribution does not include any Equity Shares acquired during the one year immediately preceding the date of this Draft Red Herring Prospectus at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;

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

iv. The Equity Shares held by our Promoters and offered for minimum Promoters' contribution are not subject to any pledge; and

v. All the Equity Shares of our Company held by the Promoters and the Promoter Group are held in dematerialized form.

(d) *Details of Equity Shares Locked-in for One Year*

Other than the Equity Shares held by our Promoters, which will be locked-in as minimum Promoters' contribution for three years and up to 8,640,000 Equity Shares forming part of the Offer for Sale, the entire pre-Offer Equity Share capital of our Company, comprising [●] Equity Shares, shall be locked-in for a period of one year from the date of Allotment.

(e) *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.

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

Locked-in Equity Shares for one year held by our Promoters 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 Promoters' contribution 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.

The Equity Shares held by persons other than our Promoters prior to the Offer may be transferred to any other person holding Equity Shares which are locked-in, subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover Regulations**").

Equity Shares held by our Promoters may be transferred to and among the Promoter Group or to new promoters or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Regulations.

6. **Shareholding Pattern of our Company**

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

Category code	Category of shareholder	No. of shareholders	Total number of equity shares	No. of equity shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	No. of shares	As a % of the total number of shares
(A)	**Shareholding of Promoter and Promoter Group**							
(1)	**Indian**							
(a)	Individuals/ Hindu Undivided Family	5	50,627,600	50,627,600	61.86	61.86	-	-
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	1	16,078,800	803,940	19.65	19.65	-	-
(d)	Financial Institutions/ banks	-	-	-	-	-	-	-
(e)	Any other (specify)	-	-	-	-	-	-	-
	Sub-Total (A)(1)	6	**66,706,400**	**51,431,540**	81.51	81.51	-	-

Category code	Category of shareholder	No. of shareholders	Total number of equity shares	No. of equity shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	No. of shares	As a % of the total number of shares
(2)	**Foreign**						-	-
(a)	Individuals (Non-Resident Individuals/ Foreign non Individuals)	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-
(e)	Any other (specify)	-	-	-	-	-	-	-
	Sub Total (A)(2)	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**6**	**66,706,400**	**51,431,540**	**81.51**	**81.51**	-	-
(B)	**Public shareholding**							
(1)	**Institutions**	-	-	-	-	-		
(a)	Mutual Funds/ UTI	-	-	-	-	-	-	-
(b)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-
(f)	Foreign Institution Investors	-	-	-	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-
(h)	Qualified Foreign Investor	-	-	-	-	-	-	-
(i)	Any Other (specify) – Foreign company	-	-	-	-	-	-	-
	Sub Total (B)(1)	-	-	-	-	-	-	-
(2)	**Non-institutions**	-	-	-	-	-		
(a)	Bodies Corporate	-	-	-	-	-	-	-
(b)	Individuals -	-	-	-	-	-	-	-
	i) Individual shareholders holding nominal share capital up to ₹ 0.1 million.	-	-	-	-	-	-	-
	ii) Individual shareholders holding nominal share capital in excess of ₹ 0.1 million.	10	15,135,200	14,935,200	18.49	18.49	-	-
(c)	Qualified Foreign Investor	-	-	-	-	-	-	-
(d)	Any Others (specify)	-	-	-	-	-	-	-
	Sub Total (B)(2)	**10**	**15,135,200**	**14,935,200**	**18.49**	**18.49**	-	-
	Total public shareholding (B)= (B)(1)+(B)(2)	**10**	**15,135,200**	**14,935,200**	**18.49**	**18.49**	-	-
	Total (A)+(B)	**16**	**81,841,600**	**66,366,740**	**100.00**	**100.00**	-	-
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**	-	-	-	-	-	-	-
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-
(2)	Public	-	-	-	-	-	-	-

Category code	Category of shareholder	No. of shareholders	Total number of equity shares	No. of equity shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	No. of shares	As a % of the total number of shares
	Total (A)+(B)+(C)	**16**	**81,841,600**	**66,366,740**	**100.00**	**100.00**	**-**	**-**

7. The BRLMs and their respective associates currently do not hold any Equity Shares in our Company.

8. The 10 largest Equity Shareholders of our Company, and the respective number of Equity Shares held by them as of the date of filing, 10 days prior to the date of filing, and two years prior to the date of filing of this Draft Red Herring Prospectus, are set forth below.

(a) Set forth below is a list of our 10 largest shareholders as on the date of this Draft Red Herring Prospectus and as of 10 days prior to the date of filing of this Draft Red Herring Prospectus.

S. No.	Name of Shareholder	No. of Equity Shares	Percentage shareholding
1	Mr. Yatin Shah	39,378,400	48.12%
2	Cams Technology Limited	16,078,800	19.65%
3	Mr. Jayant Aradhye	11,202,000	13.69%
4	Dr. Suhasini Shah	10,953,200	13.38%
5	Mr. Maneesh Aradhye	1,635,800	2.00%
6	Dr. Sunita Aradhye	817,000	1.00%
7	Mr. Rama Aradhye	696,000	0.85%
8	Dr. Manjiri Chitale	292,000	0.36%
9	Dr. Veena Mansabdar	240,000	0.29%
10	Mr. Yashwant Kelkar	200,000	0.24%
	Total	81,493,200	99.57%

(b) Set forth below is a list of our 10 largest shareholders as of two years prior to the date of this Draft Red Herring Prospectus (prior to sub-division of equity shares).

S. No.	Name of Shareholder	No. of Equity Shares	Percentage shareholding
1.	Mr. Yatin Shah	118,992	38.48%
2.	Tata Capital Limited	80,394	26.00%
3.	Mr. Jayant Aradhye	56,010	18.11%
4.	Dr. Suhasini Shah	20,966	6.78%
5.	Mr. Arvind Chitale	11,520	3.73%
6.	Mr. Maneesh Aradhye	8,179	2.65%
7.	Dr. Sunita Aradhye	4,085	1.32%
8.	Mr. Rama Aradhye	3,480	1.13%
9.	Dr. Manjiri Chitale	1,460	0.47%
10.	Mr. Anil Mansabdar	1,200	0.39%
	Total	306,286	99.06%

9. As of the date of this Draft Red Herring Prospectus, there is no public shareholder holding more than 1% of the pre-Offer share capital of our Company, except as set forth below.

S. No.	Name of Shareholder	No. of Equity Shares	Percentage shareholding
1.	Mr. Jayant Aradhye	11,202,000	13.69%
2.	Mr. Maneesh Aradhye	1,635,800	2.00%
3.	Dr. Sunita Aradhye	817,000	1.00%
	Total	13,654,800	16.69%

10. Except as set forth hereunder, there has been no subscription to or sale or purchase of our Equity Shares, within the three years immediately preceding the date of this Draft Red Herring Prospectus, by

our Promoters, Directors or Promoter Group which in aggregate equals or exceeds 1% of the pre-Offer Equity Share capital of our Company.

S. No.	Name of Shareholder	Promoter/Director/Promoter Group	Number of Equity Shares subscribed	Number of Equity Shares purchased
1	Mr. Yatin Shah	Promoter	37,409,480	-
2.	Dr. Suhasini Shah	Promoter	10,405,540	-
3.	Cams Technology Limited	Promoter Group	15,274,860	-
4.	Mr. Jayant Aradhye	Director	10,641,900	-

11. 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 BRLMs and the Designated Stock Exchange.

12. Except as disclosed below, our Company has not allotted any equity shares pursuant to any scheme approved under Sections 391 to 394 of the Companies Act, 1956.

Date of allotment	Number of Shares	Face Value (₹)	Issue Price (₹)	Benefits accrued to our Company	Share Capital (₹)
Prior to sub-division of equity shares					
August 27, 2000	131,901	100	N.A.	Allotment pursuant to scheme of amalgamation between PSL and our Company dated February 11, 1999, approved by the Court, whereby our Company issued 1.72 equity shares to each shareholder of PSL for every 1 equity share of PSL held.	13,190,100

13. As of the date of this Draft Red Herring Prospectus, there are no partly paid-up Equity Shares in our Company. All the Equity Shares offered through the Offer will be fully paid-up at the time of Allotment.

14. None of the members of our Promoter Group, nor our Promoters, nor our Directors and their relatives have purchased or sold, or financed the purchase of Equity Shares by any other person, other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of this Draft Red Herring Prospectus with the SEBI.

    However, Dr. Suhasini Shah received 200 equity shares by way of a gift from Late Mr. Vinayak Chitale on November 24, 2014. In addition, on February 6, 2015 and post the sub-division of the equity shares of our Company, a bonus allotment in the ratio 19:1 was made to the then existing members of our Company.

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

16. Over-subscription to the extent of 10% of the Offer to the public can be retained for the purpose of rounding off to the nearer multiple of minimum allotment lot while finalizing the basis of Allotment.

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

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

19. Our Company has not raised any bridge loans.

20. No payment, direct or indirect in the nature of discount, commission and allowance or otherwise shall be made either by us or our Promoters to the person who received allotment.

21. We currently do not intend or propose any further issue of Equity Shares, whether by way of issue of bonus shares, preferential allotment and rights issue or in any other manner during the period commencing from the date of this Draft Red Herring Prospectus with the SEBI until the Equity Shares offered through the Red Herring Prospectus have been listed on the Stock Exchanges or all application moneys have been refunded, as the case may be.

22. We currently do not intend or propose to alter our Company's 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, directly or indirectly for Equity Shares) whether on a preferential basis or by way of issue of bonus issue or on a rights basis or by way of further public issue of Equity Shares or qualified institutional placements or otherwise. However, if we enter into any acquisitions, joint ventures or other arrangements, we may, subject to necessary approvals, consider raising additional capital to fund such activity or use the Equity Shares as currency for acquisition or participation in such acquisitions or joint ventures.

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

24. Our Promoters, members of our Promoter Group and Group Entities will not participate in the Offer, except for any sale of Equity Shares pursuant to the Offer for Sale.

25. Transactions in Equity Shares by the Promoter and members of the Promoter Group, if any, between the date of registering the Red Herring Prospectus with the RoC and the Bid/Offer Closing Date shall be reported to the Stock Exchanges within 24 hours of such transactions being completed.

OBJECTS OF THE OFFER

The Offer comprises a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders.

The Fresh Issue

The objects of the Net Proceeds of the Fresh Issue are:

(a) Establishment of a machine shop for ductile iron camshafts at the EOU unit; and
(b) General corporate purposes (together, "**Objects of the Offer**").

Further, our Company expects that the listing of the Equity Shares will enhance our visibility and our brand image among our existing and potential customers.

The main objects clause of our Memorandum of Association enables us to undertake the activities for which the funds are being raised by us in the Fresh Issue. Further, the activities we have been carrying out until now are in accordance with the main objects clause of our Memorandum of Association.

Proceeds of the Offer

The details of the proceeds of the Offer are summarized in the table below.

(₹ in million)

S. No.	Particulars	Amount*
(a)	Gross Proceeds of the Offer	[●]
(b)	Less: Proceeds of the Offer for Sale (including Offer Expenses to the extent borne by the Selling Shareholders)	[●]
(c)	Less: Offer Expenses to the extent borne by our Company**	[●]
(d)	Net Proceeds of the Fresh Issue ("**Net Proceeds**")	[●]

**To be finalized upon determination of Offer Price.*

***Our Company will bear all costs, charges, fees and expenses associated with and incurred in connection with this Offer, other than such costs, charges, fees or expenses required to be borne by our Company and the Selling Shareholders in proportion to the Equity Shares being offered by each of our Company and the Selling Shareholders in this Offer, in accordance with Applicable Law.*

Utilization of Net Proceeds

The Net Proceeds will be utilized as set forth in the table below.

(₹ in million)

S. No.	Particulars	Amount
1.	Establishment of a machine shop for ductile iron camshafts at the EOU unit	2,000.00
2.	General corporate purposes	[●]*
	Total	**[●]***

**To be finalized upon determination of the Offer Price.*

Schedule of Implementation and Deployment of Funds

We propose to deploy Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below. While as on the date of this Draft Red Herring Prospectus, our Company has not deployed any funds towards the Objects of the Offer, we propose to fund any initial expenses relating to the establishment of the machine shop for ductile iron camshafts from our existing internal accruals until the Net Proceeds are available to our Company for utilization post completion of the Offer.

(₹ in million)

S. No.	Particulars	Total estimated cost	Estimated Utilization in fiscal 2016	Estimated Utilization in fiscal 2017
1.	Establishment of a machine shop for ductile	2,301.99	1,082.49	1,219.50

S. No.	Particulars	Total estimated cost	Estimated Utilization in fiscal 2016	Estimated Utilization in fiscal 2017
	iron camshafts at the EOU unit			
2.	General corporate purposes	-	[●]*	[●]*
	Total		**[●]***	**[●]***

**To be finalized upon determination of the Offer Price.*

Our fund requirements and deployment of the Net Proceeds for the establishment of a machine shop for ductile iron camshafts at the EOU unit are based on internal management estimates in accordance with our business plan approved by our Board based on current market conditions, quotations obtained from various vendors and a certificate from an architect for the building and infrastructure cost. However, such fund requirements and deployment of funds for the establishment of the machine shop have not been appraised by any bank/financial institution or any other independent agency. In view of the competitive environment of the industry in which we operate, we may have to revise our business plan from time to time and consequently our capital and operational expenditure requirements may also change. Our Company's historical capital and operational expenditure may not be reflective of our future expenditure plans. We may have to revise our estimated costs, fund allocation and fund requirements owing to factors such as economic and business conditions, increased cost of materials, increased competition and other external factors which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose at the discretion of our management.

In case of any increase in the actual utilization of funds earmarked for the Objects, such additional funds for a particular activity will be met by way of means available to our Company, including from internal accruals and any additional equity and/or debt arrangements. If the actual utilization towards any of the Objects of the Fresh Issue is lower than the proposed deployment, such balance will be used for future growth opportunities including funding existing objects, if required and general corporate purposes. In the event the estimated utilization out of the Net Proceeds in a fiscal is not completely met, the same shall be utilized in the next fiscal.

Details of the Objects

1. Establishment of a machine shop for ductile iron camshafts at the EOU unit

We currently have two state-of-the-art manufacturing facilities – an EOU unit and a domestic unit – both situated at Solapur, Maharashtra. The EOU unit consists of four foundries and two machine shops and products manufactured at the EOU unit are primarily exported to our overseas customers. The domestic unit consists of one foundry and one machine shop and we cater only to our domestic customers from this manufacturing facility. Our total manufacturing capacity as on December 31, 2014 was 11.94 million camshaft castings per annum from our foundries at the EOU unit and 1.44 million camshaft castings per annum from our foundry at the domestic unit; and 1.86 million machined camshafts per annum from our machine shops at the EOU unit and 0.36 million machined camshafts per annum from our machine shop at the domestic unit.

For further details about the manufacturing facilities of our Company, see "***Our Business***" on page 120.

Leveraging our experience, expertise and existing relationship with our customers, we seek to capitalize on the anticipated global demand for camshafts in the passenger vehicle segment particularly for the ductile iron camshafts. Accordingly, we propose to set up a new machine shop at our EOU unit in Solapur, Maharashtra for manufacturing ductile iron camshafts. This will be the first machine shop to be established by our Company for ductile iron camshafts. We have also secured orders from Ford Motors for supply of ductile iron camshafts pursuant to purchase contract dated October 21, 2014.

We propose to utilize an aggregate of ₹ 2,000.00 million towards such establishment of a new machine shop for ductile iron camshafts at the EOU unit from the Net Proceeds.

Estimated cost

The total estimated cost of the machine shop for ductile iron camshafts at the EOU unit is ₹ 2,301.99 million. The total cost for this project has been estimated by our management in accordance with our business plan approved by our Board of Directors pursuant to its meeting dated February 17, 2015 based on quotations received from third party suppliers and a certificate from an architect for the building and infrastructure cost.

However, such fund requirements and deployment of funds have not been appraised by any bank/financial institution or any other independent agency.

The detailed breakdown of such estimated cost is set forth below.

(₹ in million)

S. No.	Particulars	Estimated cost
1.	Building and infrastructure	195.16
2.	Plant and machinery	1,761.47
3.	Tools and spares cost	12.50
4.	Inspection equipment and common facilities	104.15
5.	Contingencies	228.71
	Total	**2,301.99**

Means of finance

The total estimated project cost for setting up the new machine shop for ductile iron camshafts at the EOU unit is ₹ 2,301.99 million. Out of this, we intend to utilize ₹ 2,000.00 million from the Net Proceeds of the Fresh Issue. The remaining cost of establishment of the machine shop is to be financed through existing and future internal accrual of our Company. While as on the date of this Draft Red Herring Prospectus, our Company has not deployed any funds towards the Objects of the Offer, we propose to fund any initial expenses relating to the establishment of the machine shop from our existing internal accruals until the Net Proceeds are available to our Company for utilization post completion of the Offer.

Details of means of finance for the machine shop for ductile iron camshafts are set forth below.

(₹ in million)

Particulars	Amount
Total cost of the project	2,301.99
Amounts already deployed as on February 27, 2015*	Nil
Amount proposed to be financed from the Net Proceeds	2,000.00
Funds required excluding funding through the Net Proceeds	301.99
75% of the funds required excluding the Net Proceeds for this Object	226.49
Firm arrangement for over 75% of the funds required excluding the Net Proceeds for this Object	
Funds from the existing identifiable internal accruals	226.49
Cash and bank balances as on January 31, 2015**	877.96

* *In accordance with the certificate of DKV & Associates, chartered accountants, dated March 2, 2015, as of February 27, 2015, our Company has not deployed any funds towards setting up of the new machine shop for ductile iron camshafts at the EOU unit.*

***In accordance with the certificate of DKV & Associates, chartered accountants, dated March 2, 2015, the total cash and bank balances of our Company as on January 31, 2015 was ₹877.96 million.*

Building and infrastructure

The machine shop for ductile iron camshafts will be set up on the existing land in our EOU unit. Accordingly, there will be no additional land cost for setting up the machine shop. The building and infrastructure cost for setting up the new machine shop will include (i) cost of levelling of the plot on which the machine shop will be set up along with cutting and filling to plinth level, (ii) cost of construction of the machine shop, mezzanine and coolant trenches, (iii) cost of construction of the coolant building, dewatering and store, (iv) cost of construction of the high tension yard, main and individual buildings, and (v) cost of construction of compound wall, internal water bound macadam roads and concrete roads. The cost for building and infrastructure will also include cost of installing a fire protection system along with a pump house, building sewage treatment plant and drainage system and constructing an over head tank. Additionally, the new machine shop will also have storm water drainage system, rain water harvesting and a green belt.

The cost of building and infrastructure is estimated to be ₹ 195.16 million and a detailed break-up of such cost is set forth below.

Particulars	Area (sq. mt.)	Rate per unit (₹)	Total estimated cost (₹ in million)
Cost relating to environmental clearance from the MoEF	-	-	1.50
Compound wall	725	10,425.00 per sq. mt.	7.56
Plot levelling, cutting, filling to plinth level	26,500	625 per sq. mt.	16.56
Internal water bound macadam road	7,500	1,114.16 per sq. mt.	8.36
Storm water drainage	900	4,500 per sq. mt.	4.05
Machine shop and mezzanine and coolant trenches			
Civil work	6,273	4,489 per sq. mt.	28.16
PEB work	6,273	7,000 per sq. mt.	43.91
Mezzanine (east)	423	18,594 per sq. mt.	7.87
Mezzanine (west)	423	18,594 per sq. mt.	7.87
Ready mix concrete	1,100	700 per sq. mt.	0.77
Coolant building, dewatering and store			
Civil work	1,099	17,432 per sq. mt.	19.16
PEB work	1,099	7,000 per sq. mt.	7.70
Ready mix concrete	150	700 per sq. mt.	0.11
High tension yard, main and individual building	-	-	0.15
Fire protection system and pump house	-	-	16.5
Underground water storage and pump house	200,000	30.00 per sq. mt.	2.48
Sewage treatment plant and drainage	-	-	4.05
Over head tank	10,000	12.40 per sq. mt.	0.30
Internal concrete road	7,500	894.20 per sq. mt.	6.71
For ready mix concrete	1,300	700 per sq. mt.	0.91
Land scaping and green belt	-	-	3.51
Civil cost for rain water harvesting	-	-	1.00
Consultant's fees	-	-	6.00
Total			**195.16**

Note: The rates mentioned above are exclusive of VAT (5%), service tax (4.09%) and labour cess (1%)

Source: Architect's certificate dated January 15, 2015 issued by Dhananjay Datar and Associates, Architects and Valuers

Plant and machinery

Plant and machinery to be procured by our Company include lathe machines, milling machines, induction hardening machines, structure and crack test machines, journal grinder, cam lobe grinder, assembly machines and other machines.

Our Company has not entered into any contracts or placed any orders for the plant and machinery in relation to the estimated amount to be deployed. In the event, our Company is able to procure plant and machinery of a higher or upgraded quality than the plant and machinery for which pro-forma invoices/ quotations have been obtained by us, we may decide to opt for such plant and machinery. We do not seek to purchase any pre-owned plant and machinery out of the Net Proceeds.

The cost of plant and machinery is estimated to be ₹ 1,761.47 million.

Set forth below are the details of pro-forma invoices/ quotations received by our Company for the supply of plant and machinery in relation to the proposed new machine shop for ductile iron camshafts.

Particulars	Estimated quantity (No. of units)	Cost per unit (₹ in million)	Total estimated cost (₹ in million)	Name of supplier	Date of quotation
VMC 4th Axis - MCV400	28	6.66	186.48	Ace Manufacturing Systems Limited	December 24, 2014
CNC Lathe - LT20 CLASSIC	24	3.45	82.70	Ace Designers Limited	December

Particulars	Estimated quantity (No. of units)	Cost per unit (₹ in million)	Total estimated cost (₹ in million)	Name of supplier	Date of quotation
					23, 2014
Induction hardening machine VM1000 2Y 2Z	8	15.20	121.60	EFD Induction	December 27, 2014
Magmatic particle inspection machine Magma 3000B	8	1.30	10.38	Magmatic Ndt Systems	December 20, 2014
Structure test machine Eddyvisor - S (Digital)*	4	12.02	48.09	Vivid Tehcnologies	November 16, 2014
Crack test machine Eddyvisor - C (Digital)*	4	15.92	63.70	Vivid Tehcnologies	November 16, 2014
Fiber laser marking YLP-1.0 /100/20-M	8	2.87	22.92	IPG Photonics (India) Private Limited	January 12, 2015
Centerdrive CBN Journal Grinder NTG-6SP-3563*	14	21.73	304.22	Komastu Ntc Limited	November 21, 2014
CBN cam lobe grinder NTG-CMS-3563*	14	40.33	564.58	Komastu Ntc Limited	November 21, 2014
Camlobe deburring m/c CDB600*	8	3.50	28.00	Grind Master Machines Private Limited	January 28, 2015
Tape polishing machine Nano Finish GBQ140	8	9.00	72.00	Grind Master Machines Private Limited	January 28, 2015
High pressure cleaning machine	8	3.80	30.36	Clean Energy Systems	December 23, 2014
Special assembly machine Liner Index SPM	6	2.30	13.77	Kalika Engineers	December 25, 2014
Special seal assembly machine SPM	8	2.60	20.76	Kalika Engineers	December 25, 2014
Special leak test machine SPM	8	2.80	22.40	Kalika Engineers	December 25, 2014
Ultrasonic cleaning machine	8	0.68	5.40	Roop Telesonic Ultrasonix Limited	December 23, 2014
Special digital multi-gauging systems	8	3.15	25.22	Baker Guages India Private Limited	January 12, 2015
Grade sorting multifect - EX	2	1.76	3.52	Technofour	January 10, 2015
Electrical panel for machining line PDB-Panel	8	0.49	3.95	Span Electromech	December 25, 2014
Assembly machine VA700T	2	65.70	131.40	Emag Automation Gmbh	January 13, 2015
TOTAL			**1,761.47**		

**The quotes were received in foreign currency. The foreign exchange conversion rates are based on the estimation of our Company i.e. 1 USD = ₹63.00; 1 EURO = ₹73.00; 1 JPY = ₹0.53.*

Tools and spares cost

The cost of tools and spares is estimated to be ₹ 12.50 million. The cost of the tools and spares include the cost of procurement of the additional tools and spares required for running the plant and machinery in the new machine shop for ductile iron camshafts. These tools and spares will be procured from our existing suppliers on spot basis.

Inspection equipment and common facilities

The inspection equipment and the common facilities to be procured by our Company for setting up the new machine shop for ductile iron camshafts includes special coolant filtration system, camlobe profile tester, contour measuring machines, roundness test machines, residual stress management machines, electrical panel for machining lines, vacuum circuit breaker and other machines.

Our Company has not entered into any contracts or placed any orders for inspection equipment or common facilities in relation to the estimated amount to be deployed. In the event, our Company is able to procure such equipment or facilities of a higher or upgraded quality than the equipment and facilities for which pro-forma invoices/ quotations have been obtained by us, we may decide to opt for such inspection equipment and common facilities. We do not seek to purchase any pre-owned inspection equipment and common facilities out of the Net Proceeds.

The cost of inspection equipment and common facilities is estimated to be ₹ 104.15 million.

Set forth below are the details of pro-forma invoices/ quotations received by our Company for the supply of inspection equipment and common facilities in relation to the proposed new machine shop for ductile iron camshafts.

Particulars	**Estimated quantity (No. of units)**	**Cost per unit (₹ in million)**	**Total estimated cost (₹ in million)**	**Name of supplier**	**Date of quotation**
Special 12000 LPM coolant filtration system	1	17.37	17.37	Veeraja Industries	December 23, 2014
Camlobe profile tester 911-36"*	1	14.13	14.13	Adcole	December 24, 2014
Camlobe profile tester 1304-04-24"*	1	20.25	20.25	Adcole	December 24, 2014
3 axis - CMM Duramax – RT	1	4.52	4.52	Carl Zeiss India (Bangalore) Private Limited	December 23, 2014
Contour measuring machine Contourecord 1600G-12N*	1	1.44	1.44	Carl Zeiss India (Bangalore) Private Limited	December 23, 2014
Roundness test machine Rondcom 54-SD3 High-Column*	1	3.84	3.84	Carl Zeiss India (Bangalore) Private Limited	December 23, 2014
Surface roughness test machine SURFCOM 130*	2	0.52	1.03	Carl Zeiss India (Bangalore) Private Limited	December 23, 2014
Flexible industrial endoscope MES 550M	2	0.33	0.66	Metalsoft Technologies Private Limited	December 12, 2014
Image analysis system pro-heat/pro-metal	1	1.09	1.09	Metalsoft Technologies Private Limited	December 25, 2014
Stereoscopic microscope MSM 507	1	0.15	0.15	Metalsoft Technologies Private Limited	December 25, 2014
Vertical - table surface grinder Accurgrind-300	1	0.48	0.48	Prakash Home Industries	December 27, 2014
Camlobe grinder burn check Camscan 300*	1	6.54	6.54	Stresstech Oy	December 29, 2014
Residual stress measurement xstress 3000 + G2R*	1	13.99	13.99	Stresstech Oy	December 29, 2014
Grade Sorting Multifect-EX	1	1.76	1.76	Technofour	10/01/2015
Electrical Panel for Machining line PDB-Panel	1	0.49	0.49	Span Electromech	December 25, 2014
Air Compressor GA 75 VSD A FF	1	6.25	6.25	Atlas Copco	December 26, 2014
Vaccum Circuit Breaker - Indoor/Outdoor 33KVA/3AF01	1	7.20	7.20	Onkar Trading Co	December 28, 2014
33KVA/400V Out door Transformer 3000 KVA	1	2.25	2.25	Mahati Industries Private Limited	January 13, 2015
Furniture	1	0.71	0.71	Nakshatra Woodcrafts	December 26, 2014
TOTAL			**104.15**		

**The quotes were received in foreign currency. The foreign exchange conversion rates are based on the estimation of our Company i.e. 1 USD = ₹63.00; 1 EURO = ₹73.00; 1 JPY = ₹0.53.*

Contingencies

We have created a provision for contingency of ₹ 228.71 million to cover logistics costs related to procurement of equipment from overseas suppliers of plant and machineries, related taxes, levies and other duties, as applicable, any exchange rate fluctuations and any increase in the estimated cost for the proposed establishment of the machine shop for ductile iron camshafts.

Proposed schedule of implementation

The expected schedule of implementation for the proposed machine shop of ductile iron camshafts is set forth below.

Particulars of the activities	**Construction commencement date**	**Estimated date of completion**
Ground leveling and plinth level construction	September 2015	January 2016
Reinforced cement concrete structure and brick work	January 2016	February 2016
Roofing and structural work	February 2016	March 2016
Trimix flooring	March 2016	April 2016
Finishing work, readiness for machine installation and commissioning	April 2016	June 2016

Funds deployed

In accordance with the certificate of DKV & Associates, chartered accountants, dated March 2, 2015, as of February 27, 2015, our Company has not deployed any funds towards setting up of the new machine shop for ductile iron camshafts at the EOU unit.

Land

The proposed machine shop for ductile iron camshafts is to be set up on the existing available land in our EOU unit which has been leased from the MIDC pursuant to three lease agreements dated March 7, 2000, May 25, 2011 and May 25, 2011. These lease agreements are valid for a period of 95 years each. We currently have four foundries, two machine shops, two administrative blocks including our corporate office, one design and development center along with an inspection laboratory and a calibration laboratory in our EOU unit situated on a total of 1,55,125 sq. mt. area. However, we propose to set up the new machine shop on the 8,380.15 sq. mt. of vacant land available in the EOU unit.

Power

We have electricity supply from Maharashtra Electrical Distribution Company Limited. The connection load is for 6,912 kW and the contract demand is 4,907 kVa. Accordingly, we believe that the balance power sanction is sufficient to establish the new machine shop.

Water

We believe we have sufficient water supply from MIDC for setting up the new machine shop for ductile iron camshafts. If there is any additional water requirement, we will accordingly apply to MIDC for that.

Government and other approvals

We have made an application to the Divisional Fire Officer, MIDC, Solapur, Maharashtra for carrying out activities involving fire in the factory building. We have also made an application to Sub Regional Officer, Maharashtra Pollution Control Board for the consent to establish a machine shop for ductile iron camshafts under the Water Act, the Air Act and the Hazardous Wastes Rules. We will also apply to the Ministry of Environment, Forest and Climate Change ("**MoEF**") for our consent to operate prior to commencement of operations at our new machine shop for ductile iron camshafts. However, we are yet to receive these approvals from the relevant authorities. For details, see "***Government and Other Approvals***" on page 313.

2. ***General Corporate Purposes***

The Net Proceeds will be first utilized towards the establishment of a machine shop for ductile iron camshafts at the EOU unit as mentioned above. The balance is proposed to be utilized for general corporate purposes, subject to such utilization not exceeding 25% of the Net Proceeds, in compliance with the SEBI ICDR Regulations. Our Company intends to deploy the balance Net Proceeds, if any, for general corporate purposes, subject to above mentioned limit, as may be approved by our management, including but not restricted to, the following:

(i) strategic initiatives
(ii) brand building and strengthening of marketing activities; and
(iii) ongoing general corporate exigencies or any other purposes as approved by the Board subject to compliance with the necessary regulatory provisions.

The quantum of utilization of funds towards each of the above purposes will be determined by our Board of Directors based on the permissible amount actually available under the head 'General Corporate Purposes' and the business requirements of our Company, from time to time. We, in accordance with the policies of our Board, will have flexibility in utilizing the Net Proceeds for general corporate purposes, as mentioned above.

Offer Related Expenses

The total expenses of the Offer are estimated to be approximately ₹ [●] million. The expenses of this Offer include, among others, underwriting and management fees, printing and distribution expenses, advertisement expenses,legal fees and listing fees. The estimated Offer expenses are as follows:

(₹ in million)

Activity	Estimated expenses*	As a % of the total estimated Offer expenses	As a % of the total Offer size
Fees payable to the Book Running Lead Managers (including Underwriting commission)	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Fees payable to the Registrar to the Offer	[●]	[●]	[●]
Brokerage and selling commission payable to Syndicate**	[●]	[●]	[●]
Brokerage and selling commission payable to Registered Brokers**	[●]	[●]	[●]
Processing fees to SCSBs for ASBA Applications procured by the members of the Syndicate or Registered Brokers and submitted with the SCSBs**	[●]	[●]	[●]
Others (listing fees, legal fees, stationery charges, bankers to the Offer, auditor's fees etc.)	[●]	[●]	[●]
Total estimated Offer expenses	[●]	[●]	[●]

**Will be incorporated at the time of filing of the Prospectus.*

*** Disclosure of commission and processing fees will be incorporated at the time of filing the Red Herring Prospectus.*

Our Company will bear all costs, charges, fees and expenses associated with and incurred in connection with this Offer, other than such costs, charges, fees or expenses required to be borne by our Company and the Selling Shareholders in proportion to the Equity Shares being offered by each of our Company and the Selling Shareholders in this Offer, in accordance with Applicable Law.

Interim Use of Net Proceeds

Our management will have flexibility in deploying the Net Proceeds based on the development of the project and market circumstances. Pending utilization for the purposes described above, we intend to temporarily invest the funds from the Net Proceeds in interest bearing instruments including investment in money market mutual funds, deposits with banks and other interest bearing securities for the necessary duration. Such investments will be approved by our management from time to time. Our Company confirms that, pending utilization of the Net Proceeds, it shall not use the funds for any investment in any other equity or equity linked securities.

Bridge Loan

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

Monitoring of Utilization of Funds

As the size of the Fresh Issue is less than ₹ 5,000 million, the appointment of a monitoring agency is not required.

Pursuant to Clause 49 of the Equity Listing Agreements, our Company shall on a quarterly basis disclose to the Audit Committee the uses and application of the Net Proceeds. We will disclose the utilization of the Net Proceeds under a separate head in our balance sheet(s) until such time as the Net Proceeds remain unutilized clearly specifying the purpose for which such Net Proceeds have been utilized. In the event that we are unable to utilize the entire amount that we have currently estimated for use out of the Net Proceeds in a fiscal, we will utilize such unutilized amount in the next fiscal.

We will also, under a separate head in our balance sheet, provide details, if any, in relation to any amounts out of the Net Proceeds that have not been utilized, also indicating interim investments, if any, of such unutilized Net Proceeds.

Further, in accordance with Clause 43A of the Equity Listing Agreements, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the utilization of the Net Proceeds for the objects stated in this Draft Red Herring Prospectus. This information will also be advertised in newspapers simultaneously with the interim or annual financial results of our Company after placing the same before the Audit Committee.

Variation in Objects

In accordance with Section 27 of the Companies Act 2013, our Company shall not vary the Objects of the Fresh Issue without our Company being authorized to do so by the shareholders by way of a special resolution. In addition, the notice issued to the shareholders in relation to the passing of such special resolution shall specify the prescribed details and be published in accordance with the Companies Act 2013. Pursuant to the Companies Act 2013, the Promoters or controlling shareholders will be required to provide an exit opportunity to the shareholders who do not agree to such proposal to vary the Objects of the Fresh Issue at the fair market value of the Equity Shares as on the date of the resolution of our Board recommending such variation in the terms of the contracts or the objects referred to in the Prospectus, in accordance with such terms and conditions as may be specified on this behalf by the SEBI.

Other Confirmations

No part of the Net Proceeds of the Fresh Issue will be utilized by our Company as consideration to our Promoters, members of the Promoter Group, Directors, Group Entities or Key Managerial Personnel.

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and the Selling Shareholders in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares 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 ₹ 10 each and the Offer Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Qualitative Factors

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

- Leading supplier of camshafts for passenger vehicle engines in India and globally;
- Long term relationships with marquee global OEMs;
- State-of-the-art manufacturing facilities, technology innovation and engineering expertise;
- Consistent financial performance;
- Experienced and qualified team of professionals.

For further details see, "***Our Business***", "***Risk Factors***" and "***Financial Statements***" on pages 120, 12 and 170, respectively.

Quantitative Factors

The information presented below relating to our Company is based on the Restated Financial Statements prepared in accordance with Companies Act and SEBI ICDR Regulations.

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 change in capital:

As per our Restated Unconsolidated Financial Statements:

Year ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2012	3.11	3.11	1
March 31, 2013	4.02	4.02	2
March 31, 2014	2.22	2.22	3
Weighted Average	**2.97**	**2.97**	
Six months period ended September 30, 2014 #	4.52	4.52	

As per our Restated Consolidated Financial Statements:

Year ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2012	3.00	3.00	1
March 31, 2013	3.87	3.87	2
March 31, 2014	2.06	2.06	3
Weighted Average	**2.82**	**2.82**	
Six months period ended September 30, 2014 #	4.38	4.38	

 # Not Annualized.

Note:

i) Basic EPS: Net Profit after tax as restated *divided* by weighted average number of Equity Shares outstanding at the end of the period/ year at the end of the period/ year.

ii) Diluted EPS: Net Profit after tax as restated *divided* by weighted average number of Equity Shares outstanding at the end of the period/year for diluted EPS

iii) Weighted average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the year/period adjusted by the number of Equity Shares issued during the year/period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of the total number of days during the year/period.

iv) The basic and diluted EPS for the financial year ending FY2012, FY2013 and FY2014 on restated basis, after adjusting for the stock split and bonus issue approved vide shareholders' resolution dated December 30, 2014.

v) The EPS has been calculated in accordance with Accounting Standard 20 – "Earnings Per Share" issued by the Institute of Chartered Accountants of India.

2. Price/Earning (P/E) ratio in relation to Offer Price of ₹ [●] per Equity Share of ₹ 10 each:

As per our Restated Unconsolidated Financial Statements:

a. P/E based on basic and diluted EPS at the lower end of the Price Band for Fiscal 2014 is [●]
b. P/E based on basic and diluted EPS at the higher end of the Price Band for Fiscal 2014 is [●]
c. P/E based on basic and diluted EPS at the lower end of the Price Band for six months period ended September 30, 2014 is [●]
d. P/E based on basic and diluted EPS at the higher end of the Price Band for six months period ended September 30, 2014 is [●]

As per our Restated Consolidated Financial Statements:

a. P/E based on basic and diluted EPS at the lower end of the Price Band for Fiscal 2014 is [●]
b. P/E based on basic and diluted EPS at the higher end of the Price Band for Fiscal 2014 is [●]
c. P/E based on basic and diluted EPS at the lower end of the Price Band for six months period ended September 30, 2014 is [●]
d. P/E based on basic and diluted EPS at the higher end of the Price Band for six months period ended September 30, 2014 is [●]

3. Return on Net Worth ("RoNW"):

As per our Restated Unconsolidated Financial Statements:

Year ended	RoNW (%)	Weight
March 31, 2012	22.40%	1
March 31, 2013	22.55%	2
March 31, 2014	8.05%	3
Weighted Average	**15.28%**	
Six months period ended September 30, 2014 #	**17.63%**	

As per our Restated Consolidated Financial Statements:

Year ended	RoNW (%)	Weight
March 31, 2012	21.79%	1
March 31, 2013	22.01%	2
March 31, 2014	7.62%	3
Weighted Average	**14.78%**	
Six months period ended September 30, 2014 #	**17.48%**	

 # Not Annualized.

Note:

i. Return on Net Worth has been computed as Net Profit after tax as divided divided by Net Worth at the end of the period/year.

ii. Net Worth for Equity Shareholders has been computed as sum of share capital and reserves and surplus (including Securities Premium, General Reserve, Stock options outstanding and surplus in statement of profit and loss)

4. Minimum Return on Increased Net Worth for maintaining Pre-Offer EPS for the year ended March 31, 2014

As per our Restated Unconsolidated Financial Statements:

Based on the Basic and Diluted EPS:

At the Floor Price – The minimum return on increased net worth required to maintain pre-Offer Basic and Diluted EPS for the year ended March 31, 2014 is [●]% at the Floor Price

At the Cap Price – The minimum return on increased net worth required to maintain pre-Offer Basic and Diluted EPS for the year ended March 31, 2014 is [●]% at the Cap Price

As per our Restated Consolidated Financial Statements:

Based on the Basic and Diluted EPS:

At the Floor Price – The minimum return on increased net worth required to maintain pre-Offer Basic and Diluted EPS for the year ended March 31, 2014 is [●]% at the Floor Price

At the Cap Price – The minimum return on increased net worth required to maintain pre-Offer Basic and Diluted EPS for the year ended March 31, 2014 is [●]% at the Cap Price

5. Net Asset Value ("NAV") per Share

As per our Restated Unconsolidated Financial Statements:

Year ended	NAV per Equity Share (in ₹)
March 31, 2014	21.39
Six month period ended September 30, 2014	25.65

As per our Restated Consolidated Financial Statements:

Year ended	NAV per Equity Share (in ₹)
March 31, 2014	21.04
Six month period ended September 30, 2014	25.07

Offer Price: ₹ [●]*
Net asset value after the Offer (Unconsolidated): ₹ [●]
Net asset value after the Offer (Consolidated): ₹ [●]

Note: Net Asset Value per Equity Share has been computed as Net Worth for Equity Shareholders divided by the total number of Equity Shares outstanding at the end of the period/ year (after stock split and bonus issue).

**Offer Price will be determined on the conclusion of the Book Building Process.*

6. Comparison of accounting ratios with Industry Peers

There are no listed companies in India that engage in the manufacturing of camshafts. Hence, it is not possible to provide an industry comparison in relation to our Company.

The Offer Price of ₹ [●] has been determined by our Company and Selling Shareholders, in consultation with the BRLMs on the basis of the demand from investors for the 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***" and "***Financial Statements***" on pages 12 and 170, respectively, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in ***"Risk Factors"*** or any other factors that may arise in the future and you may lose all or part of your investments.

STATEMENT OF TAX BENEFITS

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS[1] IN INDIA

To
The Board of Directors
Precision Camshafts Limited,
E 102/103, MIDC,
Akkalkot Road,
Solapur - 413006,
India.

Dear Sirs,

Sub: Statement of Possible Tax Benefits available to Precision Camshafts Limited ('the Company') and its shareholders

We hereby report that the enclosed statement states the possible tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 (Act) and the Wealth-tax Act, 1957 (as amended by the Finance Act, 2014), presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilment of such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfil.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

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

i. the Company or its shareholders will continue to obtain these benefits in future; or
ii. the conditions prescribed for availing the benefits have been/would be met with.

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

For S R B C & Co LLP
ICAI Firm Registration Number: 324982E
Chartered Accountants

[1] Applicable Laws here pertains to Income-tax Act, 1961 and Wealth-tax Act, 1957 (as amended by the Finance Act, 2014)

per Paul Alvares
Partner
Membership Number: 105754

Place: Pune
Date: March 10, 2015

ANNEXURE TO STATEMENT OF TAX BENEFITS AVAILABLE TO PRECISION CAMSHAFTS LIMITED ('THE COMPANY') AND ITS SHAREHOLDERS

I. UNDER THE INCOME TAX ACT, 1961 (hereinafter referred to as 'the Act')

1. **SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY UNDER THE ACT**

The Company, engaged in manufacturing or production of any article or thing (other than specified in the Eleventh Schedule to the Act), is entitled to a 200% weighted deduction under section 35(2AB) of the Act in respect of any expenditure on scientific research (not being expenditure in the nature of cost of any land or building) on in-house research and development facility as approved by the prescribed authority (i.e. Department of Scientific and Industrial Research), while computing the taxable income. Currently, the said deduction is available upto 31 March 2017. Precision Camshaft Limited has obtained the approval and has being claiming the deduction under section 35(2AB).

2. **GENERAL TAX BENEFITS AVAILABLE TO THE COMPANY UNDER THE ACT**

The following benefits are available to the Company after fulfilling conditions as per the applicable provisions of the Act:

2.1 Dividends

2.1.1 Section 10(34) of the Act – Income by way of dividends referred to in section 115-O

Any income to the Company by way of dividends, referred to in section 115-O of the Act, from a domestic company is exempt from tax under section 10(34) of the Act. Such income is also exempt from tax while computing book profit for the purpose of determination of liability under the minimum alternate tax ('MAT') provisions.

However, in view of the provisions of Section 14A of the Act, any expenditure incurred in relation to earning such dividend income which is exempt would not be tax deductible. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions of section 14A read with Rule 8D of the Income-tax Rules, 1961 ('the Rules').

Also, Section 94(7) of the Act provides that losses arising from the sale/ transfer of shares purchased within a period of three months prior to the record date and sold/ transferred within three months after such date, will be disallowed to the extent of dividend income on such shares claimed as exempt from tax.

2.1.2 Section 10(35) of the Act – Income from specified units

The following incomes are exempt under section 10(35) of the Act, in the hands of the Company (except income arising on transfer of units mentioned therein):

a) Income received in respect of the units of a mutual fund specified under clause (23D) of Section 10 of the Act; or
b) Income received in respect of units from the Administrator of the specified undertaking; or
c) Income received in respect of units from the specified company.

Such income is also exempt from tax while computing book profit for the purpose of determination of MAT liability.

The provisions restricting tax deductibility of expenditure in respect of exempt income as per section 14A of the Act and the provisions as per section 94(7) of the Act excluding the losses to the extent of dividend income (Dividend Stripping) as per conditions prescribed therein is applicable.

Further, as per the provisions of section 94(8) of the Act, if an investor purchases units within three months prior to the record date for entitlement of bonus units and is allotted bonus units without any payment on the basis of the original holding on the record date and such person sells / redeems the original units within nine months of the record date, then the loss arising from sale/ redemption of the original units will be ignored for the purpose of computing income chargeable to tax and the amount of such loss ignored shall be regarded as the cost of acquisition of the bonus units.

2.1.3 Section 10(34A) of the Act - Income from buy back of shares

Income arising to a shareholder, on account of buy back of shares (not being listed on a recognized stock exchange) by a company as referred to in section 115QA of the Act will be exempt from tax under section 10(34A) of the Act. Such income is also exempt from tax while computing book profits for the purpose of determination of MAT liability. In such case, the company buying back the shares is liable to pay additional tax at the rate of 20% on distributed income being difference between consideration and the amount received by the company for issue of shares.

2.1.4 Section 10(38) of the Act – Income on transfer of long term listed equity share or mutual fund unit

Income arising to the Company on transfer of equity shares or units of an equity oriented fund held by the Company will be exempt under section 10(38) of the Act, if the said asset is a long-term capital asset and such transaction is chargeable to securities transaction tax (STT). These assets turn long term if they are held for more than 12 months. However, the said exemption will not be available to the Company while computing the book profit and income tax payable under section 115JB of the Act.

2.1.5 Section 115BBD of the Act - Concessional rate of tax on dividend from foreign subsidiaries

Dividend received by the Company from a foreign company, in which it holds not less than 26% of the equity share capital is taxed at concessional rate of 15% (plus applicable surcharge and cess) under section 115BBD of the Act.

Any expenditure incurred in relation to earning such dividend shall not be allowed as a deduction while computing its taxable dividend income.

2.2 Benefits while computing Profits and Gains of Business or Profession

2.2.1 Section 32AC of the Act – Investment in new plant or machinery

A company engaged in manufacturing business is entitled for additional deduction to the extent of 15% under section 32AC(1) of the Act, in respect of the cost incurred on the acquisition and installation of such new plant or machinery, between the period from 1 April 2013 to 31 March 2015 subject to the condition that aggregate amount of such new assets exceeds Rs 100 crores. The threshold of Rs 100 crores (to be satisfied within 2 years) has been reduced to Rs 25 crores (to be satisfied in a particular year) from 1 April 2014 with the insertion of section 32AC(1A) by Finance Act, 2014 (FA). The deduction under section 32AC(1A) of the Act would be allowed upto FY 2016-17. The deduction can be claimed either under section 32AC(1) or 32AC(1A) of the Act.

The deduction is in addition to the depreciation allowable in accordance with the existing provisions of section 32 of the Act and is not required to be reduced from the written down value of such new plant or machinery for the purpose of computing depreciation.

In case the new plant or machinery is sold or transferred within a period of five years from the date of its installation, except in connection with amalgamation or demerger, the deduction claimed in respect of such assets shall be taxable in the hands of the company in the year of sale or transfer as business income.

2.2.2 Section 35 of the Act – Expenditure on scientific research

Any sum paid by a company to an approved research association which has as its object to undertake scientific research or to an approved university, college or other institution to be used for scientific research, would be eligible for weighted deduction to the extent of 175% of the sum so paid under section 35(1)(ii) of the Act, while computing the taxable income.

Any sum paid by a company to a notified company having its main object to conduct scientific research and development and fulfils conditions as may be prescribed, shall be eligible for weighted deduction at 125% of such sum paid under section 35(1)(iia) of the Act, while computing the taxable income.

Section 35(2AA) of the Act provides that a company shall be eligible for a weighted deduction of 200% in respect of any sum paid to a specified National Laboratory or a University or an Indian Institute of Technology or person approved by the prescribed authority with a specific direction that the such sum shall be used for approved scientific research programme, while computing its taxable income.

2.2.3 Section 35AC of the Act – Expenditure on eligible projects or schemes

The Company is entitled to a deduction of the amount of expenditure incurred on an eligible project or scheme, or sum paid to specified persons for carrying out any eligible project or scheme under section 35AC of the Act. The deduction would be allowed only after furnishing a certificate from the specified person or a chartered accountant, as the case maybe containing details related to such eligible project or scheme.

2.2.4 Section 35CCD of the Act – Expenditure on skill development project

Section 35CCD of the Act provides any expenditure (other than cost of land or building) incurred by a company on any skill development project notified by the Board shall be eligible for a weighted deduction to the extent of 150% of such expenditure while computing taxable income in accordance with the guidelines as may be prescribed.

2.2.5 Section 35D of the Act – Amortisation of preliminary expenses

The Company will be entitled for deduction of specified preliminary expenditure (i.e preparation of preliminary feasibility/ project reports, conducting market survey, legal charges, etc) incurred before the commencement of the business or in connection with the extension of the undertaking or in connection with the setting up a new unit under section 35D of the Act, in five equal instalments beginning with the previous year in which such business commences/ undertaking is extended/ new unit is setup. However, such allowance is capped at 5% of the cost of the project or capital employed, as the case maybe.

2.2.6 Section 35DD of the Act – Amortisation of expenditure in case of amalgamation or demerger

The Company will be entitled for a deduction of expenditure incurred in connection with an amalgamation or demerger of an undertaking by way of amortization under section 35DD of the Act, over a period of 5 successive years, beginning with the year in which such amalgamation or demerger takes place.

2.2.7 Section 32(1)(iia) of the Act – Additional Depreciation

The Company is entitled to claim additional depreciation allowance under section 32(1)(iia) of the Act of 20% of the cost incurred on new machinery or plant acquired and installed during the year. However, in case such new machinery or plant is used for less than 180 days, additional depreciation would be restricted to 10%.

2.2.8 Section 80JJA of the Act – Deduction in respect of employment of new workmen

The company will be entitled to a deduction under section 80JJAA of the Act of 30% of additional wages paid to new regular workmen in excess of 100 workmen employed in the factory is allowable for three years, subject to certain conditions. Additional wages means wages paid to new regular workmen in excess of 100 workmen employed during a particular financial year, provided that increase in number of regular workmen is 10% or more than the existing number of workmen employed as on the last day of the preceding year.

2.2.9 Section 115JAA - Credit of MAT paid

Where the tax liability of the Company as computed under the normal provisions of the Act, is less than 18.5% of its book profits after making certain specified adjustments, the Company would be liable to pay MAT at an effective rate of 20.0078% (including applicable surcharge and cess) of the book profits.

MAT paid shall however be available as credit against the normal income tax liability in subsequent years to the extent and as per the provisions of section 115JAA of the Act. Such credit can be carried forward for set off upto 10 years.

2.2.10 Section 115-O of the Act - Tax on distributed profits of domestic companies

As per section 115-O of the Act, domestic companies are liable to pay additional tax at the rate of 15% (plus applicable surcharge and cess). As per sub-section (1A) to section 115-O, the domestic Company, for computing the dividend distribution tax (DDT), will be allowed to set-off the dividend received from its subsidiary company during the financial year against the dividend distributed by it if:

a) the dividend is received from its domestic subsidiary and the subsidiary has paid the DDT payable on such dividend; or
b) the dividend is received from a foreign subsidiary is subject to payment of tax under section 115BBD of the Act.

However, the same amount of dividend shall not be taken into account for reduction more than once.

With effect from 1 October 2014, DDT would be paid after grossing up the net profits to be distributed by the Company. Thus, the effective tax rate for DDT vide FA 2014 stands increased from 16.995% to 19.995%.

2.2.11 Other Deductions

A deduction equal to 100% or 50%, as the case may be, on sums paid as donations to certain specified entities is allowable as per section 80G of the Act while computing the total income of the Company.

A deduction amounting to 100% of any sum contributed to a political party or an electoral trust, otherwise than by way of cash, is allowable under section 80GGB of the Act while computing total income of the Company.

2.3 Carry forward and set-off of Business loss and unabsorbed depreciation

Section 71 of the Act provides for setoff of business loss (other than speculative loss), if any, arising during a previous year against the income under any other head of income (other than income under the head salaries). Balance business loss, if any, can be carried forward and setoff against business profits for eight consecutive subsequent years as per the provisions of section 72 of the Act.

Unabsorbed depreciation under section 32(2) of the Act can be carried forward and set-off against any source of income in subsequent years subject to provisions of section 72(2) of the Act.

As per section 72A of the Act, where the Company amalgamates with another company or in case of demerger of an undertaking of the Company, the accumulated loss and the unabsorbed depreciation of the amalgamating company/ relatable to the undertaking(s) transferred shall be deemed to be the business loss/ unabsorbed depreciation of the amalgamated/ demerged Company for the year in which such amalgamation/ demerger took place (subject to satisfaction of certain conditions), and accordingly, shall be eligible for being carried forward and setoff in accordance with the provisions of the Act.

2.4 Capital gains

As per section 2(42A) of the Act, a security (other than a unit) listed in a recognised stock exchange in India or units of the Unit Trust of India or a unit of an equity oriented fund or zero coupon bonds will be considered short term capital asset, if the period of holding of such shares, units or security is twelve (12) months or less.

If the period of holding of the abovementioned assets is more than 12 months, it will be considered a long term capital asset as per section 2(29A) of the Act. In respect of other assets including unlisted securities and a unit of a mutual fund other than equity oriented mutual fund, the determinative period of holding is thirty six (36) months.

Section 48 of the Act prescribes the mode of computation of Capital Gains and provides for deduction of cost of acquisition/ improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of Capital Gains.

However, in respect of long term capital gains, section 48 provide for substitution of cost of acquisition/ improvement with indexed cost of acquisition/ improvement, which adjusts the cost of acquisition/ improvement by a cost inflation index as prescribed from time to time. Such indexation benefit would not be available on bonds and debentures.

As per section 54EC of the Act, capital gains upto Rs. 50 lakhs per annum, arising from the transfer of a long term capital asset are exempt from capital gains tax provided such capital gains are invested within a period of six months after the date of such transfer in specified bonds issued by National Highways Authority of India (NHAI) or Rural Electrification Corporation Ltd (RECL).

Gains arising on transfer of short term capital assets are chargeable in the hands of the Company at the rate of 30 percent (plus applicable surcharge and cess). However, as per section 111A of the Act, short term capital gains from the sale of equity shares, a unit of an equity oriented fund or a unit of a business trust transacted through a recognized stock exchange, where such transaction is chargeable to STT, will be taxable at a concessional rate of 15% (plus applicable surcharge and cess).

Gains arising on the transfer of long term asset are chargeable to tax in the hands of the Company at the rate of 20% (plus applicable surcharge and cess). As per the proviso to section 112 of the Act, the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond shall be restricted at the rate of 10 percent (plus applicable surcharge and cess) without indexation benefit.

As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.

As per section 70 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

Long term capital loss arising on sale of shares or units of equity oriented fund subject to STT is not allowed to be set-off and carried forward.

3. TAX BENEFITS AVAILABLE TO SHAREHOLDERS OF THE COMPANY

The following tax benefits are available to the shareholders of all companies subject to the fulfilment of the conditions specified in the Act:

For resident shareholders

3.1 Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the Act.

Section 14A of the Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Act. Thus, any expenditure incurred to earn the said income will not be tax deductible expenditure.

As per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such losses do not exceed the amount of exempt dividend.

3.2 Income arising on transfer of shares of the Company will be exempt under section 10(38) of the Act if the said shares are long-term capital assets and such transaction is chargeable to STT. These assets turn long term if they are held for more than 12 months. However, shareholders being companies will not be able to claim the above exemption while computing the book profit and income tax payable under section 115JB of the Act.

3.3 The long-term capital gains arising to the shareholders of the Company from the transfer of listed securities or units of an equity oriented fund, not covered under point 3.2 above shall be chargeable to tax at the rate of 20% (plus applicable surcharge and cess) of the capital gains computed after indexing the cost of acquisition/ improvement or at the rate of 10% (plus applicable surcharge and cess) of the capital gains computed before indexing the cost of acquisition/improvement, whichever is lower.

3.4 In case of an individual or Hindu Undivided Family (HUF), where the total taxable income as reduced by long-term capital gains is below the basic exemption limit, the long-term capital gains will be reduced to the extent of the shortfall and only the balance long-term capital gains will be subjected to such tax in accordance with the proviso to sub-section (1) of section 112 of the Act.

3.5 Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if such transaction is chargeable to securities transaction tax. In case of an individual or HUF, where the total taxable income as reduced by short-term capital gains is below the basic exemption limit, the short-term capital gains will be reduced to the extent of the shortfall and only the balance short-term capital gains will be subjected to such tax in accordance with the proviso to sub-section (1) of section 111A of the Act.

3.6 In accordance with, and subject to the conditions, including the limit of investment of Rs 50 lakhs, and to the extent specified in section 54EC of the Act, long-term capital gains arising on transfer of the shares of the Company not covered under point 3.2 above shall be exempt from capital gains tax if the gains are invested within 6 months from the date of transfer in the purchase of long-term specified assets. In case the whole of the gains are not so invested, the exemption shall be allowed on a pro rata basis.

3.7 In accordance with, and subject to the conditions including ownership of not more than one residential house on the date of transfer (other than the new residential house referred hereinafter) and to the extent specified in section 54F of the Act, long-term capital gains arising on transfer of the shares of the Company not covered under point 3.2 above held by an individual or HUF shall be exempt from capital gains tax if the net sales consideration is utilised, within a period of one year before, or two years after the date of transfer, for the purchase of a new residential house, or is utilised for construction of a residential house within three years. If the whole of the net sales consideration is not so utilised, the exemption shall be allowed on a pro rata basis.

3.8 Short Term Capital Loss computed for the given year is allowed to be set-off against Short Term/ Long Term Capital Gains computed for the said year under section 70 of the Act. However, Long Term capital Loss computed for the given year is allowed to be set-off only against the Long Term Capital Gains computed for the said year. Further, as per Section 71 of the Act, short term capital loss or long term capital loss for the year cannot be set-off against income under any other heads for the same year.

As per Section 74 of the Act, the balance short term capital loss, which is not set off under the provisions of Section 70 of the Act, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years‘ short term as well as long term gains. However, the balance long term capital loss of any year is allowed to be set off only against the long term capital gains of subsequent 8 assessment years.

3.9 Where the gains arising on the transfer of shares of the company are included in the business income of an assessee assessable under the head "Profits and Gains from Business or Profession" and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the Act.

The characterisation of gains/ losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.

For non-resident shareholders

3.10 Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the Act.

Section 14A of the Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Act. Thus, any expenditure incurred to earn the said income will not be tax deductible expenditure.

As per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such losses do not exceed the amount of exempt dividend.

3.11 Income arising on transfer of shares of the Company will be exempt under section 10(38) of the Act if the said shares are long-term capital assets and such transfer is chargeable to STT. These assets turn long term if they are held for more than 12 months. However, shareholders being companies will not be able to claim the above exemption while computing the book profit and income tax payable under section 115JB of the Act if the provisions of section 115JB of the Act are applicable.

3.12 In accordance with, and subject to section 48 of the Act, capital gains arising on transfer of shares of the Company which are acquired in convertible foreign exchange and not covered under point 3.11 above shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilised in the purchase of shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/ arising from every reinvestment thereafter.

3.13 The long-term capital gains arising to the shareholders of the Company from the transfer of listed securities or units of an equity oriented fund, not covered under points 3.11 above shall be chargeable to tax at the rate of 20% (plus applicable surcharge and cess) of the capital gains computed as discussed in para 3.12 or after indexing the cost of acquisition/ improvement or at the rate of 10% (plus applicable surcharge and cess) of the capital gains computed before giving effect to foreign fluctuation index as discussed in para 3.12 or before indexing the cost of acquisition/ improvement, whichever is lower.

3.14 Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if such transaction is chargeable to STT.

3.15 In accordance with, and subject to the conditions, including the limit of investment of Rs 50 lakhs, and to the extent specified in section 54EC of the Act, long-term capital gains arising on transfer of the shares of the Company not covered under point 3.11 above shall be exempt from capital gains tax if the gains are invested within 6 months from the date of transfer in the purchase of long-term specified assets. In case the whole of the gains are not so invested, the exemption shall be allowed on a pro rata basis.

3.16 In accordance with, and subject to the conditions including ownership of not more than one residential house on the date of transfer (other than the new residential house referred hereinafter) and to the extent specified in section 54F of the Act, long-term capital gains arising on transfer of the shares of the Company not covered under point 3.11 above held by an individual or HUF shall be exempt from capital gains tax if the net sales consideration is utilised, within a period of one year before, or two years after the date of transfer, for the purchase of a new residential house, or is utilised for construction of a residential house within three years. If the whole of the net sales consideration is not so utilised, the exemption shall be allowed on a pro rata basis.

3.17 Short term capital loss computed for the given year is allowed to be set-off against short term/ long term capital gains computed for the said year under section 70 of the Act. However, long term capital loss computed for the given year is allowed to be set-off only against the long term capital gains computed for the said year. Further, as per Section 71 of the Act, short term capital loss or long term capital loss for the year cannot be set-off against income under any other heads for the same year.

As per Section 74 of the Act, the balance short term capital loss, which is not set off under the provisions of Section 70 of the Act, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years‘ Short Term as well as Long Term Gains. However, the balance long term capital loss of any year is allowed to be set off only against the long term capital gains of subsequent 8 assessment years.

3.18 Where the gains arising on the transfer of shares of the company are included in the business income of an assessee assessable under the head “Profits and Gains from Business or Profession” and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the Act.

3.19 Under the provisions of section 90(2) of the Act, a non-resident will be governed by the provisions of the Agreement for Avoidance of Double Taxation (AADT) between India and the country of tax residence of the non-resident and the provisions of the Act apply to the extent they are more beneficial to the assessee.

The characterisation of gains/ losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors including constitution of permanent establishment in India.

Besides the above benefits available to non-residents, Non-Resident Indians (NRIs) have the option of being governed by the provisions of Chapter XII-A of the Act which *inter alia* entitles them to the following benefits in respect of income from shares of an Indian Company acquired, purchased or subscribed to in convertible foreign exchange:

(a) Under section 115E of the Act, NRIs will be taxed at 10% (plus applicable surcharge and cess) on long-term capital gains arising on sale of shares of the Company which are acquired in convertible foreign exchange and are not covered under point 3.11 above.

(b) Under section 115F of the Act, and subject to the conditions and to the extent specified therein, long-term capital gains arising to NRIs from transfer of shares of the Company acquired out of convertible foreign exchange not covered under point 3.11 above shall be exempt from capital gains tax if the net consideration is invested within 6 months of the date of transfer of the asset in any specified asset or in any saving certificates referred to in clause (4B) of section 10 of the Act. In case the whole of the net consideration is not so invested, the exemption shall be allowed on a pro rata basis.

(c) In accordance with the provisions of section 115G of the Act, NRIs are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from investments or long-term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

(d) In accordance with the provisions of section 115H of the Act, when NRIs become assessable as resident in India, they may furnish a declaration in writing to the Assessing Officer along with their return of income for that year under section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to them in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are transferred or converted into money.

(e) As per the provisions of section 115-I of the Act, NRIs may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing their return of income for that year under section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to them for that assessment year and accordingly their total income for that assessment year will be computed in accordance with the other provisions of the Act. The said Chapter inter alia entitles NRIs to the benefits stated thereunder in respect of income from shares of an Indian company acquired, purchased or subscribed in convertible foreign exchange.

For Foreign Institutional Investors (FIIs)

3.20 Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the Act.

Section 14A of the Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Act. Thus, any expenditure incurred to earn the said income will not be tax deductible expenditure.

As per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such losses do not exceed the amount of exempt dividend.

3.21 Income arising on transfer of the shares of the Company will be exempt under section 10(38) of the Act if the said shares are long-term capital assets and such transaction is chargeable to securities transaction tax. These assets turn long term if they are held for more than 12 months.

3.22 Under section 115AD(1)(b)(iii) of the Act, income by way of long-term capital gains arising from the transfer of shares held in the Company not covered under point 3.21 above will be chargeable to tax at the rate of 10% (plus applicable surcharge and cess).

3.23 Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if such transaction is chargeable to STT.

3.24 Under section 115AD(1)(b)(ii) of the Act, income by way of short- term capital gains arising from the transfer of shares held in the Company not covered under point 3.23 above will be chargeable to tax at the rate of 30% (plus applicable surcharge and cess).

3.25 Where the gains arising on the transfer of shares of the company are included in the business income of an assessee assessable under the head “Profits and Gains from Business or Profession” and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the Act.

3.26 Under the provisions of section 90(2) of the Act, a FII will be governed by the provisions of the Agreement for Avoidance of Double Taxation (AADT) between India and the country of residence of the FII and the provisions of the Act apply to the extent they are more beneficial to the assessee.

The characterisation of gains/ losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors including constitution of a permanent establishment in India.

3.27 Short term capital loss computed for the given year is allowed to be set-off against short term/ long term capital gains computed for the said year under section 70 of the Act. However, long term capital loss computed for the given year is allowed to be set-off only against the long term capital gains computed for the said year. Further, as per Section 71 of the Act, short term capital loss or long term capital loss for the year cannot be set-off against income under any other heads for the same year.

As per Section 74 of the Act, the balance short term capital loss, which is not set off under the provisions of Section 70 of the Act, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years' Short Term as well as Long Term Gains. However, the balance long term capital loss of any year is allowed to be set off only against the Long Term Capital Gains of subsequent 8 assessment years.

3.28 As per section 196D, no tax is to be deducted from any income, by way of capital gains arising from the transfer of shares payable to Foreign Institutional Investor. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII has Fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.

For Mutual Funds

3.29 Under section 10(23D) of the Act, any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorised by the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

For Venture Capital Companies/ Funds

3.30 Under Section 10(23FB) of the Act, any income of Venture Capital Company to whom the certificate of registration is granted before 21/05/2012 under SEBI (Venture Capital Funds) Regulations, 1996 or as a sub-category I Alternative Investment Fund as is regulated under SEBI (Alternative Investment Funds Regulations) under the SEBI Act, 1992, would be exempt from income tax, subject to conditions specified therein.

3.31 As per Section 115U of the Act, any income derived by a person from his investment in Venture Capital Company/ Venture Capital Fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing or arising to or received by such person had the investments been made directly in the venture capital undertaking.

II. UNDER THE WEALTH TAX ACT, 1957

General Benefits available to the shareholders of the Company

'Asset' as defined under Section 2(ea) of the Wealth-tax Act, 1957 does not include shares in companies and hence, the shares of the Company held by a shareholder are not liable to wealth-tax.

The above tax benefit is generally available to the shareholders of all companies subject to the fulfilment of the conditions prescribed in the Wealth-tax Act, 1957.

III. TAX DEDUCTION AT SOURCE

No income tax is deductible at source from income by way of capital gains arising to a resident shareholder under the present provisions of the Act. However, as per the provisions of Section 195 of the Act, any income by way of capital gains payable to non-residents [other than LTCG exempt under section 10(38) of the Act] may be subject to withholding of tax at the rate under the domestic tax laws or under the tax laws or under the DTAA, whichever is beneficial to the assessee, unless a lower withholding tax certificate is obtained from the tax authorities. However, the non-resident investor will have to furnish a certificate of his being a tax resident in a country outside India and a suitable declaration for not having a fixed base in India, to get the benefit of the applicable DTAA and such other document as may be prescribed as per the provision of section 90(4) of Act.

The withholding tax rates are subject to the recipients of income obtaining and furnishing a permanent account number (PAN) to the payer, in the absence of which the applicable withholding tax rate would be the higher of the applicable rates or 20%, under section 206AA of the Act.

Notes:

1. The above benefits are as per the current tax laws as amended by the Finance (No. 2) Act, 2014 (the FA). If the provisions of Chapter X-A of the Act relating to General Anti-Avoidance Rules are invoked, the tax benefits listed hereinabove may or may not be available.

2. As per the FA, surcharge is to be levied on individuals, HUF, AOP, body of individuals, artificial juridical person, co-operative society and local authorities at the rate of 10% if the total income exceeds Rs. 100 lakhs.

3. The above statement of possible direct tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of Shares.

4. The stated benefits will be available only to the sole/ first named holder in case the shares are held by joint holders.

5. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the applicable DTAA, if any, between India and the country in which the non-resident has fiscal domicile.

6. This statement is intended only to provide general information to the investors and is neither designed nor intended to be substituted for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

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

8. This statement of possible direct tax benefits enumerated above is as per the Act as amended by the FA. The above statement of possible Direct-tax Benefits sets out the possible tax benefits available to the company and its shareholders under the current tax laws presently in force in India. Several of these benefits available are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.

9. The information provided above sets out the possible tax benefits available to the shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares, under the current tax laws presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation impacting the benefits, which an investor can avail.

SECTION IV: ABOUT THE COMPANY

INDUSTRY OVERVIEW

*The information in this section is derived from various publicly available sources, government publications and other industry sources. Unless specifically indicated otherwise, the information in this section has been derived from the report titled "Automobile Camshaft Industry" dated December, 2014 that has been prepared by ICRA Research Services ("**ICRA Research Report**"). The information in this section has not been independently verified by us, the Book Running Lead Managers, or their respective legal, financial or other advisors, and no representation is made as to the accuracy of this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on this information.*

Global Economy

According to the IMF, World Economic Outlook (October 2014), the global economy slowed down in 2013 and 2014, with global growth reducing from an annualized rate of 3.9% in the second half of 2013 to 2.7% in the first half of 2014. Pursuant to an update to this report from the IMF in January, 2015, global growth has increased in the third quarter of 2014 to 3.75%. The global economy is expected to grow at 3.5% and 3.7% in 2015 and 2016 respectively. (*Source: IMF, World Economic Outlook (October 2014); IMF, World Economic Outlook Update (January 2015)*)

Against this backdrop, advanced economies are expected a slow recovery, with growth rising to 1.8% in 2014 and to 2.4% in 2015. Growth in emerging market and developing economies is forecasted to rise to 4.3% in 2015. (*Source: IMF, World Economic Outlook Update (January 2015)*)

Growth in GDP at Constant prices in select economies from 2012 to 2019

Country	2012	2013	2014	2015	2016	2017	2018	2019
Austria	0.9	0.3	1.0	1.9	1.7	1.6	1.5	1.3
Brazil	1.0	2.5	0.3	1.4	2.2	2.7	2.9	3.1
China	7.7	7.7	7.4	7.1	6.8	6.6	6.4	6.3
Germany	0.9	0.5	1.4	1.5	1.8	1.1	1.4	1.3
India	4.7	5.0	5.6	6.4	6.5	6.6	6.7	6.7
Japan	1.5	1.5	0.9	0.8	0.8	0.9	0.9	1.0
Korea	2.3	3.0	3.7	4.0	4.0	3.9	3.9	3.9
United Kingdom	0.28	1.7	3.2	2.7	2.4	2.4	2.4	2.5
United States	2.3	2.2	2.6	3.1	3.0	3.0	2.7	2.6

Source: IMF World Economic Outlook Database, October 2014; Shaded cells indicate IMF staff estimates

<u>United States</u>

According to the IMF, the economy of the United States has registered a strong recovery from a temporary setback in the first quarter of 2014. The real GDP is projected to increase by 3.1% in 2015. However, price pressures remain contained, with consumer price index inflation registered at 1.7% and core personal consumption expenditure inflation registered at 1.5% in August 2014. (*Source: IMF, World Economic Outlook (October 2014)*)

The growth rate is expected to increase to about 3.6% in fiscal 2015, boosted by lower oil prices in US Dollars, an improving labor market, better household balance sheets, favorable financial conditions, a healthier housing market and higher non-residential investment. (*Source: IMF, World Economic Outlook (October 2014); IMF, World Economic Outlook Update (January 2015)*)

<u>Western Europe</u>

Europe has experienced slow growth, as the challenges of inadequate demand, high debt and unemployment are still present. Due to weak investments and inflation, growth in the euro area has been weak till the third quarter of 2014. However, steady growth of 1.2% in 2015 and 1.4% in 2016 is expected, predicated on continued improvements in lending conditions and resilient external demand. (*Source: IMF, World Economic Outlook (October 2014); IMF, World Economic Outlook Update (January 2015)*)

The United Kingdom has registered, and is expected to continue experiencing, strong growth with demand becoming more balanced and stronger business investment observed. Increasing house prices and high household debt of 140% of gross disposable income may affect purchasing power. (*Source: IMF, World Economic Outlook (October 2014)*)

Asia-Pacific

Although early 2014 saw a decline in export growth and reduced demand in China, growth picked up soon after, and a strong growth of 5.6% in 2015 is expected. Increased exports, high domestic demand, continued favourable financial conditions and healthy labor markets are expected to drive growth in the region. (*Source: IMF, World Economic Outlook (October 2014)*)

In China, recent measures such as higher infrastructure spending, support for small and medium enterprises, social housing and improved net exports have paved the road to recovery from the slowdown in early 2014. Further measures are expected to reduce the vulnerabilities faced from rapid credit and investment growth. Growth was strong at 7.4% in 2014 and is expected to moderate to 6.
8% in 2015. (*Source: IMF, World Economic Outlook (October 2014); IMF, World Economic Outlook Update (January 2015)*)

In Japan, growth reduced significantly, due to increased consumption tax rates and technical recession in 2014. However, changes in policy are expected to strengthen growth to 0.6%-0.8% in 2015-2016. (*Source: IMF, World Economic Outlook (October 2014); IMF, World Economic Outlook Update (January 2015)*)

In Korea, growth is expected to rise to 4% in 2015, compared to 3.7% in 2014, due to increased exports and investments. (*Source: IMF, World Economic Outlook (October 2014)*)

Overview of the Indian Economy

According the CIA World Factbook, the Indian economy is ranked fourth in the world, on a purchasing power parity basis, after the United States, the European Union and China.

For the fiscal year 2015, the forecast for real GDP growth rate (at factor cost) in India is estimated 5.5% by the Reserve Bank of India ("**RBI**"). The RBI has forecasted industry growth at 3.5%.*(Source: Macroeconomic and Monetary Developments 2014-2015 (An Update), RBI website)* India is expected to be the fastest growing major economy by fiscal 2017. (*Source: World Bank, Global Economic Prospects, January 2015*)

Lending rates have reduced in 2015, with further reductions expected as the economy recovers.

Export growth in India has been robust in 2014. (*Source: World Bank, Global Economic Prospects, January 2015*) According to the IMF, World Economic Outlook (October, 2014), an increase in exports and investments is expected in 2015.

Camshafts

Camshafts are required in all automobiles using an internal combustion ("**IC**") engine, which includes 2-wheelers, 3-wheelers, passenger vehicles, commercial vehicles, off roaders and tractors. A camshaft and its associated parts actuate the opening and closing of the piston valves in an IC engine of an automobile. It is one of the critical components of an IC engine and the design of the camshaft impacts the engine's power, efficiency, mileage and emission.

Camshafts are designed in such a way so as to open the engine valves at the correct time and to keep them open for the necessary duration for the desired engine performance. The camshaft design, weight, manufacturing process and machining requirement vary across vehicle categories depending on the desired engine characteristics. The camshaft generally lasts the life of the IC engine, although it may be replaced if it affects the engine's performance significantly over time.

Camshaft design

The camshaft consists of a cylindrical rod running across the length of the cylinder block with a number of oblong lobes (cams) protruding from it, one for each valve. Camshafts convert the rotary motion of the crankshaft into an oscillating motion of the cam follower (i.e. engine valves) which is a function of the cam profile. The cams, as they rotate, force the engine valves open by pressing on the valves or on some intermediate mechanism. The purpose of the cam is to operate the valves in the correct sequence in relation to piston movement. The camshaft itself is driven by the crankshaft through timing gears.

The two important aspects of a camshaft, in terms of engine performance, are camshaft duration, or cam duration, and valve lift. Cam duration is the time for which at least one valve of a cylinder remains open, i.e., off its valve seat, measured in degrees rotation of the crankshaft; while valve lift is the maximum distance the valve head travels. The cam must be designed for a certain engine speed. Consequently, the camshaft design invariably offers trade-offs between high RPM performance and low RPM performance.

There are several different arrangements of camshafts on engines. In overhead valve ("**OHV**") engines, the camshaft is installed inside the engine block and valves are operated through lifters, pushrods and rocker arms.
OHV engines are more or less outdated now. In a single overhead cam ("**SOHC**") engine, the camshaft is installed in the cylinder head and valves are operated either by the rocker arms or directly through the lifters. This arrangement denotes an engine with one cam per head; an inline 4-cylinder or inline 6-cylinder engine will have one cam while a V-6 or V-8 will have two cams. A double overhead cam ("**DOHC**") engine has two cams per head, one camshaft for the intake valves and another for the exhaust valves. This allows for more intake and exhaust valves, which in turn allows the intake and exhaust gases to flow more freely. Compared to OHV engines, overhead cams (SOHC or DOHC) provide improved control on valve timing along with possibilities in terms of variable valve timing to suit different RPM levels. However, overhead cam engines require a timing belt or chain with related components to run the camshaft which increases the complexity of the valve train.

Variable valve timing ("**VVT**") is the process of altering the timing of valve lift event, and is used to improve performance, fuel economy or emissions. Most cams are rated by duration at some defined lift point. Any given camshaft will be perfect only at one engine speed. At every other engine speed, the engine will not perform to its full potential. All OEMs have developed variable timing technologies using innovations in camshaft design and other related power train components. The cam profiling and design plays critical role in implementation of VVT technologies and a camshaft manufacturer works closely with OEM to establish feasibility and economy of various systems

Camshaft manufacturing

Camshaft manufacturing requires two units: (a) a foundry and (b) a machining and sand core shop. The manufacturing process is initially capital intensive and associated with a long drawn vendor approval process, making healthy capacity utilization critical. The average cost of setting up a foundry line for 5 million camshafts per annum is estimated at ₹ 800 million and the cost of setting up a machining shop for 1 million camshafts per annum is ₹ 1,000 million to ₹ 1,200 million. Additionally, individual units are low value and so, sufficiently large volumes of production are necessary for healthy return on investments.

Camshaft castings, or un-machined camshafts, are priced according to casting complexity and the material used, with prevailing raw material prices being taken into account. The machining process contributes to value addition of 100-200% depending on the complexity of the cam profile and grinding requirements. Consequently, camshaft prices are less dependent on raw material prices as they are on the cam profile complexity and the extent of machining.

Tier I camshaft suppliers provide camshaft castings or machined camshafts directly to the OEMs. Tier II camshaft suppliers provide camshaft castings to third party tier I suppliers.

Different camshaft manufacturing processes

There are three prevalent technologies for manufacturing automotive camshafts: chilled iron casting (grey/cast iron or ductile iron casting), forging, and assembled camshafts. Some low volume camshafts are also manufactured using milling of steel billets which provides increased precision but at higher costs. Depending on desired characteristics, shafts may be induction hardened for increased strength requirements. All manufacturing processes are followed by machining to give required finish and profiling to the camshaft castings.

Key Passenger Vehicle Camshaft Manufacturing Processes

Process	Chilled Cast Iron Casting	Chilled Ductile Iron Casting	Assembled Camshaft
Details	With the chill-cast approach, cam lobes that need local hardening have chill-inserts placed in the tool. The inserts freeze the molten iron on contact, producing high-hardness microstructure formations that penetrate deep into the metal, while leaving the remainder of the camshaft with tougher, more flexible iron		Assembled camshafts are produced by assembling / fixing aggregate parts, i.e., lobes, journals, sprockets etc on a tubular shaft.
Key Raw Material	Cast or Grey Iron	Ductile Iron	Different material can be used for shaft and lobes
Manufacturing Cost	Lowest	Slightly higher than Cast iron	Higher due to proprietary fixing technologies
Comments	Ductile iron can handle more pressure than cast iron though ease of machining and cost make chilled cast iron the preferred method; additional weight reduction can be achieved by using hollow/profiled shafts; Chilled cast iron generally doesn't require additional hardening while ductile iron can require additional hardening if chills are not used		Provides increased design flexibility along with potential to reduce shaft weight by more than 30% providing improved fuel efficiency and lesser emissions

Source: ICRA Research Report

Currently, approximately 35-40% of the global market is catered to by chilled cast camshafts. Different manufacturing processes are preferred in different regions. There is a trend in American and European markets towards reliance on ductile iron and assembled camshafts due to market emphasis on weight reduction and improved engine efficiency. The Indian automobile market remains predominantly chilled cast iron based. Japanese OEMs predominantly use ductile iron camshafts.

Global Light Vehicle Industry

Light Vehicle Industry

The global light vehicle industry, comprising both passenger vehicles and light commercial vehicles, has maintained a steady growth over the past three years. The global light vehicle market rate is expected to grow to approximately 105 million units by 2020, with a 2.6% growth forecast for 2015.

Global Light Vehicle Growth Trend and Forecast

	Sales in million units					Growth – Past Trend and Forecast			
	2011	**2012**	**2013**	**2014e**	**2015f**	**2012**	**2013**	**2014e**	**2015e**
Western Europe	14.36	13.13	12.86	13.67	13.86	-8.6%	-2.1%	6.3%	1.4%
Japan	4.13	5.26	5.26	5.55	5.59	27.3%	-0.2%	5.5%	0.7%
United States	12.78	14.49	15.57	16.38	16.61	13.4%	7.5%	5.2%	1.4%
China	17.99	19.11	21.93	23.36	24.76	6.2%	14.8%	6.5%	6.0%
Others	27.63	28.90	28.65	28.22	28.22	4.6%	-0.9%	-1.5%	1.3%
Total	**76.89**	**80.89**	**84.27**	**87.17**	**89.40**	**5.2%**	**4.2%**	**3.4%**	**2.6%**

Source: ICRA Research

China

China maintains a significant share in global vehicles sales, which has steadily risen from 23% in 2011 to the figure of 27% in 2014. The Chinese vehicle market will continue at a 6-8% growth rate in 2015, in line with their GDP growth.

United States

The United States has registered a strong growth rate in light vehicle sales due to factors such as lower fuel prices. The growth rate is expected to reduce to 1.4% in 2015, due to an increasing supply of used cars.

Western Europe

Key markets in Western Europe like the United Kingdom and Spain are expected to increase market sales, with adoption of favourable policies and expanding economies.

Japan

Inspite of an increase in consumption tax, the light vehicle market in Japan is expected to register growth in 2015, although at a muted rate of 0.7%.

Passenger Vehicles

In the aftermath of the global economic crisis, global passenger vehicle sales had declined for two consecutive years, figuring at 1.8% in 2008 and falling to 0.6% in 2009. Government intervention in the form of demand enhancement measures, such as the United States' 'cash of clunkers' scheme and European 'scrappage programmes' helped in increasing global passenger vehicles demand. 2010 witnessed an expansion of 12.4% in global passenger vehicles volumes.

Global Passenger Vehicle Sales and Growth Trend - Key Geographies

	Passenger Vehicle Sales (million units)							**Growth**						
	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**H1CY14**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**H1CY14**
China	6.76	10.33	13.76	14.47	15.50	17.93	9.63	7.3%	52.9%	33.2%	5.2%	7.1%	15.7%	11.2%
USA	6.77	5.40	5.64	6.09	7.24	7.59	3.90	-10.5%	-20.2%	4.3%	8.1%	18.9%	4.7%	-0.1%
Japan	4.18	3.91	4.20	3.51	4.57	4.56	2.57	-3.3%	-6.7%	7.6%	-16.5%	30.3%	-0.2%	11.0%
Germany	3.09	3.81	2.92	3.17	3.08	2.95	1.54	-1.8%	23.2%	-23.4%	8.8%	-2.9%	-4.2%	2.4%
India	1.55	1.82	2.39	2.51	2.78	2.55	1.29	2.2%	17.6%	31.4%	5.2%	10.8%	-8.2%	-3.2%
UK	2.13	1.99	2.03	1.94	2.04	2.26	1.29	-11.3%	-6.4%	1.8%	-4.4%	5.3%	10.8%	10.6%
Brazil	2.19	2.47	2.64	2.65	2.85	2.76	1.19	11.0%	12.8%	6.9%	0.1%	7.7%	-3.1%	-10.2%
Russia	2.90	1.47	1.91	2.65	2.76	2.60	1.11	15.2%	-49.4%	30.5%	38.7%	3.8%	-5.7%	-6.2%
France	2.09	2.30	2.25	2.20	1.90	1.79	0.96	-0.9%	10.1%	-2.2%	-2.1%	-13.9%	-5.7%	2.9%
Italy	2.16	2.16	1.96	1.75	1.40	1.30	0.76	-13.3%	-0.1%	-9.2%	-10.8%	-19.8%	-7.1%	3.3%
South Korea	1.02	1.23	1.32	1.32	1.33	1.24	0.69	-1.9%	21.0%	6.8%	0.4%	0.1%	-6.1%	7.6%
Others	14.82	12.45	14.43	15.08	15.02	15.24	7.83	-2.4%	-16.0%	15.9%	4.5%	-0.4%	1.5%	0.7%
Total	**49.66**	**49.34**	**55.45**	**57.35**	**60.47**	**62.79**	**32.74**	-1.8%	-0.6%	12.4%	3.4%	5.4%	3.8%	6.5%

Source: OICA, ICRA Research; USA sales exclude pick-up sales which are included in broader Light Vehicle category

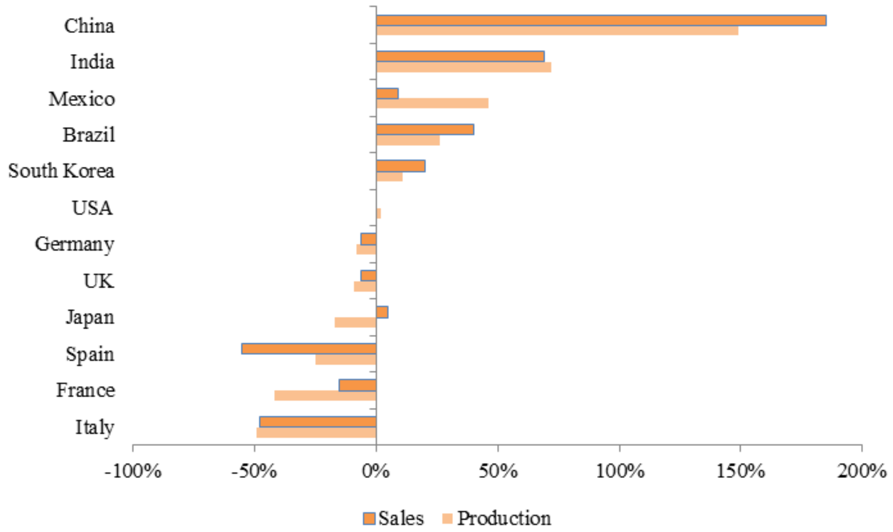
While global sales and volume growth have been modest, the United States, China and Japan have registered strong growth in the past five years. Fiscal incentives, discounts on offer and easy credit availability have encouraged sales.

China has consistently remained a primary contributor to global passenger vehicle sales growth, maintaining a significant market share. China's contribution to global passenger vehicle sales volumes increased to 29% in 2013 from 14% in 2008.

The United States is currently the second largest passenger vehicles market in the world, behind China, with total sales of 7.6 million units in 2013. The United States and the United Kingdom have seen passenger vehicle demand expand by 4.7% and 10.8% respectively over the previous year.

OEMs such as General Motors and Ford Motors have sizeable expansion plans across geographies over next three-five years. General Motors has indicated capex of USD 11 billion in China (with JV partners), USD 16 billion in North America and USD 2.2 billion in Brazil over the 2014-2018 period. Ford Motors is looking to USD 6-7.5 billion annually across its manufacturing locations.

Shifting Passenger Vehicle Sales and Production over 2007-2013 period



Source: OICA, ICRA Estimates; indicate % change over 2007-2013

Indian Light Vehicle Industry

The Indian market registered robust demand growth, with double-digit production volume, in fiscal 2010 and fiscal 2011, followed by low production volume growth across all automobile segments in the past three years.

Trend in segment-wise growth in domestic production volumes

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	7m FY2015
Passenger Vehicles	3.4%	28.2%	26.5%	5.5%	2.7%	-4.9%	2.3%
Two-Wheelers	4.9%	24.9%	27.0%	15.6%	2.1%	7.2%	12.9%
Light Commercial Vehicles	-11.6%	41.3%	30.7%	31.2%	1.4%	-13.5%	-13.1%
Medium & Heavy Commercial Vehicles	-34.8%	30.1%	38.3%	11.3%	-27.1%	-21.0%	6.2%
Commercial Vehicles	-24.1%	36.1%	34.0%	22.1%	-10.4%	-16.1%	-6.8%
Three-Wheelers	-0.7%	24.6%	29.1%	10.0%	-4.5%	-1.1%	15.9%
Tractors	3.6%	20.4%	23.0%	18.0%	-7.6%	22.4%	-1.6%

Source: SIAM, CMIE, ICRA's Estimates

Commercial vehicles and, in particular, Medium & Heavy Commercial Vehicles ("**M&HCV**") have shown improvements in fiscal 2015, registering a pick-up in demand and production volumes. Robust sales volumes have also been recently observed for two-wheelers.

Passenger Vehicles

The domestic passenger vehicles industry had a strong volume CAGR of 16.3% in the period of 2007-2011, owing to strong economic growth, rising disposable incomes, favourable demographics and low penetration levels. Along with other automobile segments in the Indian vehicle industry, the passenger vehicles segment had low production volumes from 2011 to 2013. However, passenger vehicles sales have registered growth of 2.3% in fiscal 2015.

Increased production in this segment in fiscal 2015 has been attributed to the launch of new brands and new models, the reduction of excise duty on automobiles and significant discounts already being offered by various commercial vehicle and passenger vehicles OEMs. Significant capex plans, in the form of Brownfield and Greenfield projects, to the tune of approximately ₹ 280 billion are being developed by passenger vehicles OEMs. For instance, Ford Motors and Maruti are in the midst of setting-up Greenfield manufacturing units in Gujarat. Maruti Suzuki, as per current plans through Suzuki, Japan, is investing around ₹ 38 billion in a new plant with initial capacity of 100,000 units, scheduled to commence operations by 2017.

Passenger vehicle sales are forecasted to grow by 5-6% in fiscal 2015 and expected to revert to a volume CAGR of 9-10% (domestic and exports) over the medium term. By fiscal 2020, the domestic passenger vehicles sales are estimated to reach 4.2 million units from 2.5 million units recorded in fiscal 2014.

Monthly Domestic Passenger Vehicles Sales Trend - Sub Segment Wise

Segments		**Average Monthly sales Volumes**				
Segment	**Sub-Segment**	**FY 2012**	**FY 2013**	**FY 2014**	**7m FY 2015**	**Comments**
Passenger Vehicles	PCs	169,276	156,171	148,908	149,970	Average monthly volume growth has been under pressure over the last three years, even as more number of new models now dot the industry landscape
	UVs	30,314	46,139	43,829	45,959	Like several other global automotive markets, the trend in growing preference for Utility Vehicles (UVs) has been catching up in India as well
	MPVs	19,563	19,775	15,904	14,556	Slowing domestic economic growth has adversely impacted demand for Multi-Purpose Vehicles (MPVs) over the last two years

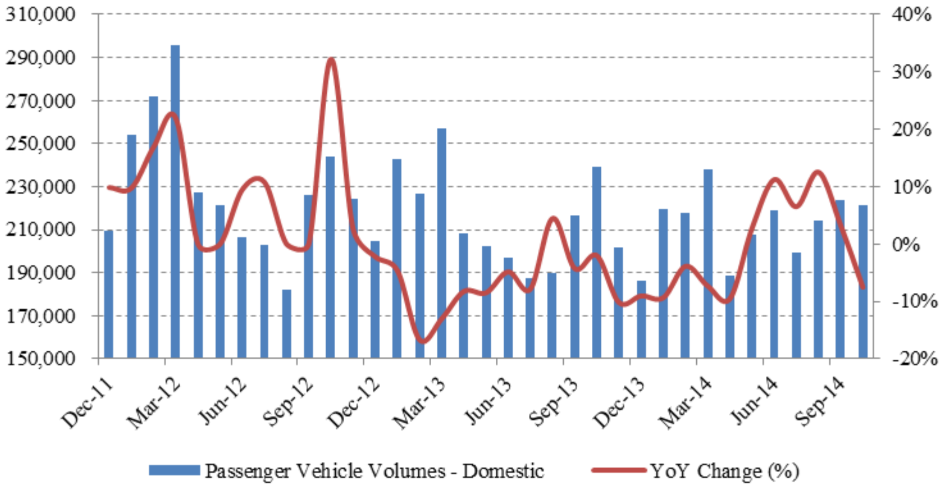
Source: SIAM, ICRA's Estimates

Trend in OEM wise Domestic Sales and Market Share

	Domestic Passenger Vehicle Sales						Domestic Passenger Vehicle Market Share (%)					
OEM	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**7m FY2015**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**7m FY2015**
Maruti	870,790	1,132,739	1,006,316	1,051,046	1,053,689	655,399	44.7%	45.3%	38.3%	39.4%	42.1%	44.5%
Hyundai	314,981	359,366	388,779	383,611	380,253	241,043	16.2%	14.4%	14.8%	14.4%	15.2%	16.4%
M&M	150,627	180,170	245,700	310,706	254,344	130,942	7.7%	7.2%	9.3%	11.7%	10.2%	8.9%
Tata Motors	285,846	349,133	371,350	314,464	198,812	86,802	14.7%	14.0%	14.1%	11.8%	7.9%	5.9%
Honda	61,803	59,463	54,420	73,483	134,339	101,376	3.2%	2.4%	2.1%	2.8%	5.4%	6.9%
Toyota	63,843	84,088	160,203	165,504	128,811	79,647	3.3%	3.4%	6.1%	6.2%	5.1%	5.4%
Ford Motors	36,923	98,537	92,665	77,225	84,469	47,864	1.9%	3.9%	3.5%	2.9%	3.4%	3.2%
General Motors	87,089	106,986	110,050	88,151	80,890	32,657	4.5%	4.3%	4.2%	3.3%	3.2%	2.2%
Renault			3,666	52,463	57,368	22,688	0.0%	0.0%	0.1%	2.0%	2.3%	1.5%
Volkswagen	6,055	53,502	78,271	65,472	52,528	24,935	0.3%	2.1%	3.0%	2.5%	2.1%	1.7%
Nissan	419	13,027	33,261	37,006	38,220	31,968	0.0%	0.5%	1.3%	1.4%	1.5%	2.2%
Skoda	17,502	22,971	34,089	29,067	19,959	8,601	0.9%	0.9%	1.3%	1.1%	0.8%	0.6%
Others	55,455	41,560	51,069	16,821	20,003	9,469	2.6%	1.7%	1.9%	0.6%	0.8%	0.6%
Total	**1,951,333**	**2,501,542**	**2,629,839**	**2,665,019**	**2,503,685**	**1,473,391**						

Source: SIAM, ICRA Research

Monthly Passenger Vehicles Sales Volume Trend (Domestic)



Global Camshaft Market

Camshaft demand is dependent on automobile demand, as camshafts are required in all IC engines. The key segment, however, driving camshaft sales is the passenger vehicles segment. Passenger vehicles largely use either SOHC or DOHC engines, i.e. either single camshaft engines or double camshaft engines. Accordingly, assuming the demand of passenger vehicles is equally divided between these engines types, the global passenger vehicle camshaft sales volume is one and a half times the volume of passenger vehicles produced.

2013 - Estimate of Global Passenger Vehicles Camshaft Requirement based on Passenger Vehicle Production

(in million units)

Broad Geographic Breakup for Passenger Vehicle Production and Camshaft Requirement			Key Passenger Vehicle Manufacturing Countries and Corresponding Camshaft Requirements					
In Million	**PV Units**	**Camshaft**		**PV Units**	**Camshaft**		**PV Units**	**Camshaft**
Asia Oceania	37.2	55.9	**China**	18.1	27.1	**Russia**	1.9	2.9
Europe	17.4	26.1	**Japan**	8.2	12.3	**Mexico**	1.8	2.7
Americas	10.4	15.6	**Germany**	5.4	8.2	**Spain**	1.7	2.6
Africa	0.4	0.6	**USA**	4.4	6.6	**UK**	1.5	2.3
			South Korea	4.1	6.2	**France**	1.5	2.2
Total	**65.5**	**98.2**	**India**	3.1	4.7	**Czech Rep**	1.1	1.7
			Brazil	2.7	4.1			

Source: OICA; ICRA Research; Camshaft Requirement based on 1.5 camshafts per engine though same can vary from geography to geography depending on usage of SOHC/DOHC engine

Estimation for OEM Wise Passenger Vehicle Camshaft Requirement

(in million units)

OEM	PV Production	Camshaft Requirement	OEM	PV Production	Camshaft Requirement
VW	9.3	13.9	**FIAT**	2.2	3.2
TOYOTA	8.6	12.8	**BMW**	2.0	3.0
Hyundai	6.9	10.4	**SAIC**	1.7	2.5

OEM	PV Production	Camshaft Requirement	OEM	PV Production	Camshaft Requirement
General Motors	6.7	10.1	**DAIMLER**	1.6	2.4
Honda	4.3	6.4	**MAZDA**	1.2	1.8
Nissan	4.1	6.1	**Mitsubishi**	1.1	1.6
Ford Motors	3.3	5.0	**Geely**	1.0	1.5
Suzuki	2.5	3.7	**Changan**	0.9	1.3
PSA	2.4	3.7	**TATA**	0.7	1.0
RENAULT	2.3	3.5	**Dongfeng**	0.6	1.0

Source: OICA; ICRA Estimates, Company Annual Reports; JV data has been merged with one of the JV partners

The global passenger vehicle camshaft market is divided amongst the three manufacturing processes, with chilled cast iron camshafts occupying a 35-40% share, and the remaining market being equally divided between ductile iron and assembled camshafts. However, the market is competitive, with market participants intensifying efforts to retain their positions, while diversifying into other technologies and geographies.

ThyssenKrupp (through ThyssenKrupp Presta) is the largest player globally in assembled camshafts with annual production volumes of close to 25 million units. Linamar had acquired Germany based Muhr und Bender KG ("**MKG**") and Mubea Motorkomonenten GmbH ("**MMKG**") in the year 2013 giving it access to assembled camshaft technology.

Camshaft – Selected Global Manufacturers (Non Captive)

Manufacturer	Headquarter	Camshaft Technology	Presence in India
Federal Mogul Goetze	UK	Cast Iron	Yes (though not for camshafts)
Linamar Corporation	Canada	Cast Iron, Assembled	Yes (though not for camshafts)
Mahle AG	Germany	Cast Iron, Ductile Iron, Assembled	Yes
Musashi Seimitsu Industries	Japan	Cast Iron, Ductile Iron	Yes (Caters majorly to 2 wheelers)
Precision Camshafts Limited	India	Cast Iron; developing ductile and assembled	Yes
Riken Corp	Japan	Cast Iron, Ductile Iron	Has recently entered into a JV with Amtek Auto to set-up an iron foundry
Schleicher Fahrzeugteile	Germany	Cast Iron, Ductile Iron	No
Southern Autocast Components (SAC)	India	Cast and Ductile Iron	Yes; Caters majorly to demand from Tractor, UV and CV segments
ThyssenKrupp AG	Germany	Assembled	Yes (though not for camshafts)

Source: ICRA Research

Camshaft Procurement across Geographies

Given the key role play by camshafts in overall engine performance, OEMs involve camshaft manufacturers from the engine platform design stage itself. This makes vendor approval a key entry barrier. OEM approval is required for both tier I and tier II suppliers. The process of developing camshafts and getting OEM approval can take anywhere between 2-4 years. Further, any change in a vendor entails significant switching costs for OEMs working as key entry barrier for new vendors in camshaft manufacturing or for acquiring new clients. Additionally, given the sizeable initial capital expenditure requirements on part of the camshaft and volume based nature of camshaft manufacturing, OEMs prefer to source camshafts from a single source for a particular engine platform / geography combination.

Many OEMs manufacture camshafts in-house or through captive associates/JVs. There is a growing trend of outsourcing manufacturing of camshafts. OEMs like VW and Toyota have large part of camshaft manufacturing in-house or procure it from captive associates, while OEMs like General Motors, Ford Motors, Hyundai and FIAT have outsourced majority of their camshaft production. Reliance on captive manufacturing is expected to reduce, going forward. However, in-house machining operations are preferred and many OEMs opt to simply procure camshaft castings from third party vendors.

Camshaft manufacturers with manufacturing abilities across technologies, and with machining set-ups are expected to benefit from the trend of manufacturing operations being outsourced by OEMs along with optimization of vendor network.

Key Growth Drivers in the Camshafts Manufacturing Industry

1. Growth of the Global Vehicle Industry

As camshafts are utilized in all IC engines, the growth of the global vehicle industry and, in particular, the global light vehicle industry will have profound impact on the demand for camshafts. The global passenger vehicle market has registered strong growth of 6.5% in 2014. The domestic passenger vehicle market has experienced positive growth in fiscal 2015 with increased OEM capital expenditure forecasted in the next four years.

2. Increasing trend of outsourcing critical valve train components by global OEMs

There is an emerging trend of shifting production to emerging economies like India and China by global OEMs, who increasingly outsource critical valve train components to reduce production costs. Large volume OEMs with global presence and sizable expansion plans across geographies provide opportunities to camshaft manufacturers for both machined and camshaft castings.

3. Availability of capital for expansion of manufacturing capabilities

The easy availability of capital for the expansion of existing and development of new manufacturing facilities will boost global production volumes of camshafts. In 2013, the estimated global demand for passenger vehicle camshafts was approximately 98.2 million units. This demand is expected to grow alongside growth in demand for light vehicles.

4. Optimization of Sales Network

The practice of outsourcing camshaft manufacturing by global OEMs has lead to the development of a sales network to support the vendor supply chain. Third party camshaft manufacturers either supply directly to OEMs or through international agencies, depending on the requirements of the OEM. Further, camshafts may be manufactured and supplied to independent machining shops, for finishing.

5. Global economic environment

The global sales of passenger vehicles had declined for two consecutive years by 1.8% and 0.6% in 2008 and 2009, respectively, post the global economic slowdown of 2008. Post 2010, the global automobile industry began to recover with China showing significant and steady growth. The United States and United Kingdom expect significant demand expansion in the passenger vehicle segment of the industry. Government intervention in the United States, Europe and Asia, in the form of demand advancement measures and fiscal incentives is expected to contribute to a rising growth rate.

OUR BUSINESS

Overview

We are one of the world's leading manufacturer and supplier of camshafts, a critical engine component, in the passenger vehicle segment based on our estimated global market share by volume according to the ICRA Research Report. We supply over 150 varieties of camshafts for passenger vehicles, tractors, light commercial vehicles and locomotive engine applications from our manufacturing facilities in Solapur, Maharashtra.

A majority of our revenue comes from export of camshafts to various OEMs directly and indirectly. We have long term relationships with several marquee global OEMs, such as General Motors, Ford Motors, Hyundai, Maruti Suzuki, Tata Motors and Mahindra and Mahindra. As of March 31, 2014, we have supplied over 50 million units of camshafts in the last ten fiscals and have serviced various customers across different geographies including the United States of America, Brazil, the United Kingdom, Germany, Austria, Hungary, Russia, South Korea, China and India. Despite a relatively slower period of growth in the automobile industry in the last five years, we have been able to consistently increase our global market share in passenger vehicle camshafts market from 5%-6% in 2010 to an estimated 8%-9% in 2014. (*Source: ICRA Research Report*) We have recently won the awards for 'Best Overall Exporter' and 'Best Manufacturer Exporter' from Dun and Bradstreet India at the Export Credit Guarantee Corporation of India Limited Indian Exporters' Excellence Awards under the medium exporters category in March 2015.

We currently have two state-of-the-art manufacturing facilities – an EOU unit and a domestic unit – both situated at Solapur, Maharashtra. The EOU unit consists of four foundries and two machine shops and products manufactured at the EOU unit are primarily exported to our overseas customers. The domestic unit consists of one foundry and one machine shop and we cater to our domestic customers from this manufacturing facility. Our total manufacturing capacity as on December 31, 2014 was 13.38 million camshaft castings from our foundries per annum and 2.22 million machined camshafts from our machine shops per annum. According to the *ICRA Research Report*, the global passenger vehicle camshaft volume is estimated to be 100 million for 2014 with an estimated market value of ₹ 70,000 million and is expected to grow at 4% to 5% over medium to long term in line with the growth of the passenger vehicle production which is estimated to grow at a CAGR of 9% to 10% by fiscal 2020. Leveraging our experience, expertise and existing relationship with our customers, we seek to capitalize on this anticipated global demand for camshafts in the passenger vehicle segment. We also propose to set up two new machine shops at Solapur, Maharashtra specifically for ductile iron camshafts and assembled camshafts, respectively, by fiscal 2017 and fiscal 2018 and we also seek to foray into manufacturing and supply of sliding cams and cam modules in accordance with our expansion strategy.

In order to strengthen our business operations in Asia, we have entered into two joint ventures with NSPCL, the first, Ningbo Shenglong PCL Camshafts Company Limited, for machining of camshafts and the second, PCL Shenglong (Huzhou) Specialised Casting Company Limited, for setting up a foundry in China. The machine shop at Ningbo, China commenced production in April 2013 and the foundry at Huzhou City, China is currently under construction as on date.

We continue to invest in technologies, designing capabilities and research and development activities. We use different technologies in our engineering and manufacturing operations including shell sand molding process technology, special (AI203/ ceramic sand care) technology and GBQII process technology which we believe provides us a cost competitive advantage among our competitors. We also have a dedicated design and development team of nine engineers along with a well equipped inspection laboratory and a calibration laboratory. We have also entered into an exclusive agreement with EMAG, a German machining and tooling process company, for transfer of certain know-how and technology in order to strengthen our foray into assembled camshafts and expand our business operations in the European market.

Our Company is promoted by Mr. Yatin Shah and Dr. Suhasini Shah, who have over 20 years of experience in the critical engine component manufacturing and have established strong business relationships with marquee global OEMs. Our Promoters are first generation entrepreneurs who started the business of manufacturing of critical engine component in 1992.

In the six months ended September 30, 2014, fiscal 2014, fiscal 2013, fiscal 2012, fiscal 2011 and fiscal 2010 our consolidated turnover (net) were ₹ 2,649.73 million, ₹ 4,673.57 million, ₹ 3,588.25 million, ₹ 3,026.13 million, ₹ 2,731.62 million and ₹ 1,920.34 million, respectively. In the six months ended September 30, 2014, fiscal 2014, fiscal 2013, fiscal 2012, fiscal 2011 and fiscal 2010 our consolidated restated profit were ₹ 358.61 million, ₹ 131.26 million, ₹ 239.19 million, ₹ 185.38 million, ₹ 176.56 million and ₹ 264.20 million, respectively. We have been able to increase our consolidated turnover (net) from fiscal 2010 to fiscal 2014 at a CAGR of 24.90%.

Our Strengths

Leading supplier of camshafts for passenger vehicle engines in India and globally

Camshaft is one of the five critical components of an engine application in an automobile along with the cylinder block, crankshaft, cylinder head and connecting rod. According to the *ICRA Research Report*, we are one of the world's leading manufacturers and suppliers of camshafts in the passenger vehicle segment based on our estimated global market share by volume. Further, according to the *ICRA Research Report*, we had an established market share of 5% to 6% in the global passenger vehicle camshafts market in 2010 and have been able to consistently increase our market share to an estimated 8% to 9% in 2014. In the domestic camshaft market for passenger vehicles in India, we are one of the leading manufacturer and supplier and have the largest camshaft foundry and machining capacity for passenger vehicles in India. (*Source: ICRA Research Report*) As of March 31, 2014, we have supplied over 50 million units of camshafts in the last ten fiscals and have serviced various customers across different geographies in the world including the United States of America, Brazil, the United Kingdom, Germany, Austria, Hungary, Russia, South Korea, China and India.

Long term relationships with marquee global OEMs

We have developed long term relationships and, in some cases, preferred supplier status, with marquee global OEMs in the automobile sector, such as General Motors, Ford Motors, Hyundai, Maruti Suzuki and Tata Motors, with some of whom we have had relationships for over 10 years. These marquee global OEMs have stringent and time consuming selection procedure for procurement of camshafts from third party manufacturers which involves review of the manufacturing expertise, manufacturing facilities, processes, raw materials, financial capabilities, logistical capabilities and multiple inspection and review of prototypes. We believe that the strength of our customer relationships is attributable to our ability to manufacture and supply the camshafts in accordance with the exact designs and specifications of our customers, as well as our track record of consistent delivery of quality and cost competitive products over the years. Over the years, for various OEM customers, we have developed relationships and received orders from multiple business divisions and locations globally, including through our efforts to cross sell different camshafts to our global OEM customers. For instance, we used to supply camshafts to General Motors for their plants in Austria and Hungary in 2005, but over time we have expanded our relationship with General Motors and now supply camshafts to General Motors' plants in Korea, Uzbekistan, the United States, Brazil, Austria and India.

We also have a marketing network across geographies through agencies like KorConsulting LLC for customers in North America, Europe and the United Kingdom, Huppert Engineering for South America and T&G Auto-tec for South Korea, which helps us maintain and develop our strong relationships with our customers and also expand into new customers. Separately, our joint ventures NSPCCL and PSSCCL, both with NSPCL, in China help us serve our Asian customers from close proximity and expand our operations in Asia. The marketing network and joint ventures provide us the access to faster interaction with customers which helps us in strengthening our relationships with them over a period of time.

State-of-the-art manufacturing facilities, technology innovation and engineering expertise

We currently have two state-of-the-art manufacturing facilities – an EOU unit and a domestic unit – both situated at Solapur, Maharashtra. The EOU unit consists of four foundries and two machine shops and products manufactured at the EOU unit are primarily exported to our overseas customers. The domestic unit consists of one foundry and one machine shop and we cater to our domestic customers from this manufacturing facility. Our total manufacturing capacity as on December 31, 2014 was 13.38 million camshaft castings from our foundries per annum and 2.22 million machined camshafts from our machine shops per annum.

Additionally, we believe that we have cost competitive engineering expertise and technologies to meet the stringent requirements of our customers. We use different technologies for manufacturing different camshafts such as shell sand molding process technology, which we believe provides us a cost competitive advantage. The shell sand molding process technology is a highly specialized process technology for manufacturing chilled cast iron camshafts and we believe that this provides us an advantage in securing purchase orders from OEMs across the world. Separately, we have also entered into an exclusive agreement with EMAG, a German machining and tooling process company, for transfer of certain know-how and technology for manufacturing assembled camshafts. We also have a dedicated design and development team of engineers along with a well equipped dimensional inspection laboratory and a calibration laboratory. We believe that our engineering expertise and technology driven manufacturing processes have enabled us to deliver our products to our customers in accordance with their designs and specifications in a cost effective manner without compromising on quality. We also believe that we have a relatively low defect rate in our products. For example, our defect rate for last 12 months ended January 31, 2015 for the camshafts supplied to one of our major customers was lower than the defect rate benchmark specified by such customer in accordance with their quality tracking system report.

Consistent financial performance

We have experienced sustained growth in financial indicators including our revenue and EBITDA, as well as a consistent improvement in our balance sheet position in the last five fiscals despite a modest growth in passenger vehicle sales post 2010 (*Source: ICRA Research Report*). We have been able to increase our consolidated turnover (net) from fiscal 2010 to fiscal 2014 at a CAGR of 24.90%. Our turnover from camshaft castings on an unconsolidated basis have increased from ₹ 1,303.62 million in fiscal 2010 to ₹ 3,103.88 million in fiscal 2014 and our turnover from machined camshafts on an unconsolidated basis increased from ₹ 603.45 million in fiscal 2010 to ₹ 1,462.95 million in fiscal 2014. We believe that we have achieved this position due to regular capacity augmentation in both foundries and machine shops, acquisition of new customers, improvement in share of business with some of our key customers and optimizing direct and related costs of sourcing raw materials and consumables, power and fuel expenses, other fixed costs and cost of debt. We have undertaken a number of cost control measures to improve our results of operations including procurement of power at a comparatively lesser rate pursuant to our agreement with Mittal Processors Private Limited dated August 5, 2014, higher utilization of the plant and machinery during the non-peak tariff hours and additional incentive to employees for lower defect rate in our products. Due to improvements in product and sales mix, we have managed to improve our sales realization per camshaft from ₹ 377.83 in fiscal 2010 to ₹ 523.41 in the six months ended September 30, 2014. Our revenues are largely diversified across geographies, given our presence in Indian and international markets. As a result of our diversified geographic presence, we believe that we have been able to achieve consistent growth, despite the global financial crisis in recent years.

Experienced and qualified team of professionals

We believe that we benefit significantly from our highly experienced management and technical teams, including, in particular, our Promoter and Chairman and Managing Director, Mr. Yatin Shah (who is in charge of marketing and business development), our Promoter and executive Director, Dr. Suhasini Shah (who is in charge of the legal and compliance department), and our Director Mr. R. R. Joshi (who is in charge of financial operations and production) and their several years of experience in the industry and the markets in which we operate.

Our senior management has extensive experience in critical engine component manufacturing industry including in operations, business development, quality assurance, customer relationship and human resource management. Our management and technical personnel are supported by other skilled workers who benefit from regular in-house training initiatives and they are also supported by external consultants with significant industry experience in different geographies. Our personnel policies are aimed towards recruiting talented individuals, facilitating their integration, and promoting the development of their skills. We believe the strength and entrepreneurial vision of our Promoters and management has been instrumental in driving our growth and implementing our strategies.

Our Strategies

Diversification of product range

We seek to become a one-stop-shop to the automobile industry across the world for camshafts using different material and technologies. We are diversifying and expanding our manufacturing capabilities from chilled cast iron camshafts to ductile iron camshafts and assembled camshafts and also seek to foray into supply of cam modules and sliding cams in the future. We are currently in the process of diversifying into manufacturing of ductile iron camshafts and have already secured order from Ford Motors for supply of ductile iron camshafts, and are in the process of setting up a new machine shop at our EOU unit at Solapur, Maharashtra specifically for manufacturing of the ductile iron camshafts and we expect the industrial production of ductile iron camshafts to start in fiscal 2017. We propose to utilize ₹ 2,000.00 million from the proceeds of the Fresh Issue towards setting up the machine shop for manufacturing the ductile camshafts at Solapur, Maharashtra. For details, see "***Objects of the Offer***" on page 82. Further, we seek to capitalize on the global demand for integrated and assembled camshafts in the passenger vehicle segment and have entered into an exclusive agreement with EMAG, a German machining and tooling process company, for transfer of certain know-how and technology for manufacturing assembled camshafts. We propose to set up a new machine shop for the assembled camshafts at Solapur, Maharashtra and have taken on lease 25 acres of land from the MIDC which is situated near to our EOU unit. This machine shop is expected commence operations in fiscal 2018.

Increased focus on value added products viz. fully machined camshafts

We currently have four foundries and two machine shops at the EOU unit and one foundry and one machine shop at the domestic unit. We manufacture camshaft casting from our foundries which are machined by our OEM customers in their captive facilities. We also supply semi-machined camshafts to tier I suppliers and fully-machined camshafts to OEMs. The semi-machined and fully machined camshafts are manufactured in our foundries at Solapur as camshaft castings and are subsequently machined at our machine shops. Our turnover from machined camshafts on an unconsolidated basis increased from ₹ 603.45 million in fiscal 2010 to ₹ 1,462.95 million in fiscal 2014. We seek to expand our capacity to manufacture fully machined camshafts by setting up two new machine shops in Solapur, Maharashtra. We believe that increase in manufacture and supply of value added products like fully machined camshafts will enhance our profit margins and also expand our customer base by moving up the value chain in the camshafts manufacturing industry.

Expansion through inorganic growth

As a part of our growth strategy, we believe that strategic investments and acquisitions of businesses engaged in the critical component machining industry may act as an enabler of growing our business. Accordingly, we seek to acquire or make strategic investments in a company or business particularly in Europe which is engaged in the same business as our current business or is engaged in the manufacturing of critical component machining in which we believe we have acquired significant domain knowledge based on our camshafts manufacturing experience. Accordingly, we seek to acquire or invest in business opportunities with critical engine components or machined products manufacturing facilities, market share, growth potential and whose operations, resources, capabilities and strategies are complementary to our Company. We believe such an acquisition would give us a manufacturing base, complement our existing global business operations and fuel our growth going forward. As on the date of this Draft Red Herring Prospectus, we have not identified any strategic investment or acquisition opportunities and we seek to enter into any such acquisition on an opportunistic basis.

Increasing geographical penetration and expansion of addressable market

As a camshaft manufacturer and supplier, we cater to our customers across geographies including in the United States of America, Brazil, the United Kingdom, Germany, Austria, Hungary, Russia, South Korea, China and India. We also have a marketing network through agencies like KorConsulting LLC for customers in North America, Europe and the United Kingdom, Huppert Engineering for South America and T&G Auto-tec for South Korea which helps us maintain and develop our strong relationships with our customers and also expand into new customers. However, as part of our growth strategy, we seek to further expand our operations in geographies where we have potential for further penetration. For example, we seek to foray into the Japanese market with our ductile iron camshafts. We also seek to penetrate further in the European automobile market with our foray into assembled camshafts. We believe our product diversification plans along with our expansion and acquisition plans will help us further penetrate across geographies for supply of camshafts to customers globally.

Our Operations

Products

We manufacture and supply over 150 varieties of camshafts for engines in small and medium size passenger vehicles (with engine sizes between 1 litre and 2.2 litres which could be for 2, 3 and 4 cylinder and for V6 or V8 engines) and for tractors, light commercial vehicles and locomotive engine applications .

Our primary product is chilled cast iron camshafts. Additionally, we also manufacture and supply billet steel camshafts.

Set forth below are certain varities of camshafts manufactured and supplied by our Company.

Our current product portfolio primarily comprise of chilled cast iron camshaft which includes straight hollow camshafts and profiled hollow camshafts. We also manufacture and supply locomotive camshafts. Set forth below is a brief description of these different camshafts manufactured and supplied by our Company.

Chilled cast iron camshaft

Chilled cast iron camshafts are made of cast or grey iron casting. A chilled cast iron camshaft is mostly preferred by OEMs with high volume production as this generally has a higher resistance against wear as the camshaft lobes have been chilled making them harder. With the chill-cast approach, cam lobes that need local hardening have chill-inserts placed in the tool. The inserts freeze the molten iron on contact, producing high-hardness microstructure formations that penetrate deep into the metal, while leaving the remainder of the camshaft with tougher and more flexible iron. Compared to the ductile iron camshafts and the assembled camshafts, chilled cast iron camshafts involve the lowest cost of manufacturing. While ductile iron camshafts can handle more pressure than chilled cast iron camshafts, ease of machining and comparatively lower cost of production make chilled cast iron a preferred method to many OEMs with high volume production. Additionally, chilled cast iron camshafts do not require additional hardening while ductile iron camshafts can require additional hardening if chill are not used.

According to the *ICRA Research Report*, while approximately 35% to 40% of the camshafts market for passenger vehicles is catered to by chilled cast iron camshafts, the continued focus on weight reduction and improving engine efficiency is moving OEMs towards the other two technologies – ductile iron camshafts and assembled camshafts. Currently, the Indian automobile market is predominantly chilled cast iron camshaft based while the American and the European markets are focusing towards greater usage of ductile iron and assembled camshafts in future engine platforms. Japanese OEMs too predominantly use ductile camshafts. (*Source: ICRA Research Report*)

Our primary customers for chilled cast iron camshafts are General Motors, Ford Motors, Hyundai, Maruti Suzuki and Tata Motors.

Based on customer requirements, we manufacture fully machined chilled cast iron camshafts, semi machined chilled cast iron camshafts and chilled cast iron camshaft castings. We manufacture camshaft casting from our foundries which are machined by our OEM customers in their captive facility. We also supply semi-machined camshafts to tier I suppliers and fully-machined camshafts to OEM customers. The semi-machined and fully machined camshafts are manufactured in our foundries at Solapur as camshaft castings and subsequently they are machined at our machine shops.

In chilled cast iron camshafts, an additional weight reduction can be achieved by using hollow or profiled shafts.

Straight hollow camshaft

We manufacture straight hollow camshafts by using sand and or glass core in accordance with customer requirement either for weight reduction or for the purpose of acting as an oil gallery.

Our primary customer for straight hollow camshafts is General Motors.

Profiled hollow camshaft

We also manufacture profiled hollow camshafts for offering weight reduction by using sand core in accordance with customer requirement.

Our primary customers for profiled hollow camshafts are General Motors and Musashi.

Locomotive camshaft

We also manufacture camshafts for locomotive engine applications in accordance with the specifications of the customers. These locomotive camshafts are primarily billet steel camshafts made out of rolled steel bar route. Manufacturing of billet steel camshafts is longer process than manufacturing chilled cast iron camshafts and is also more expensive. However, these camshafts are superior in quality and can be used in high-performance engines such as locomotive engines.

We manufacture and supply locomotive camshafts based on purchase orders from Diesel Locomotive Works Limited pursuant to public tenders and Diesel Locomotive Works Limited is our sole customer for locomotive camshafts.

Set forth below are our turnover from sale of camshaft castings and machined camshafts for the six months ended September 30, 2014 and last five fiscals on an unconsolidated basis.

(₹ in million)

Sales	Six months ended September 30, 2014*	Fiscal 2014*	Fiscal 2013*	Fiscal 2012*	Fiscal 2011*	Fiscal 2010*
Camshaft castings	1,792.38	3,103.88	2,349.56	2,064.67	1,901.34	1,303.62
Machined camshaft	782.85	1,462.95	1,308.43	1,030.59	876.58	603.45
Total	**2,575.23**	**4,566.83**	**3,657.99**	**3,095.26**	**2,777.92**	**1,907.07**

* *The numbers shown above are based on gross sales*

Future Products

While we currently primarily manufacture and supply chilled cast iron camshafts, we are in the process of diversifying into manufacturing and supply of ductile iron camshafts and assembled camshafts.

Ductile iron camshaft

We have recently ventured into manufacturing of ductile iron camshafts and have already secured orders from Ford Motors for supply of ductile iron camshafts. Accordingly, we are in the process of setting up a new machine shop at our EOU unit in Solapur, Maharashtra specifically for manufacturing of the ductile iron camshafts. We expect our industrial production of ductile iron camshafts to start in fiscal 2017. We propose to utilize ₹ 2,000.00 million from the proceeds of the Fresh Issue towards setting up the machine shop for manufacturing the ductile iron camshafts at Solapur, Maharashtra. For details, see "***Objects of the Offer***" on page 82.

Assembled camshaft

Assembled camshafts allow higher contact pressure between the cam lobe and cam follower in comparison to cast camshafts, and offer significant weight advantages over steel camshafts made from solid material or raw forgings. The design flexibility of the individual assembled components also provides cost advantages with respect to materials and design. Completion of this camshaft only requires a finish grinding operation. The individual components are manufactured by casting, precision warm or cold forging, high speed turning, or powder metal consolidation. We seek to foray into manufacturing and supply of assembled camshafts and accordingly, we have entered into an exclusive agreement with EMAG, a German machining and tooling process company, for transfer of certain know-how and technology for manufacturing assembled camshafts. This alliance will assist our Company to acquire the assembled camshaft technology which uses the 'Force Free Heat Shrink' - a process which is widely accepted by OEMs. We propose to set up a new machine shop for the assembled camshafts at Solapur, Maharashtra and we have received a letter of allotment dated December 11, 2014 from the MIDC for 100,040 sq. mt. of land which is situated near our EOU unit. This machine shop is expected commence operations in fiscal 2018.

Additionally, we also seek to foray into manufacturing and supply of sliding cams and cam modules in accordance with our product diversification strategy in the future. As on the date of the Draft Red Herring Prospectus, we have not taken any steps towards setting up any manufacturing facility for supply of sliding cams and cam modules.

Our Manufacturing Facilities

We currently have two state-of-the-art manufacturing facilities, an EOU unit and a domestic unit – both situated at Solapur, Maharashtra. The EOU unit consists of four foundries and two machine shops and products manufactured at the EOU unit are primarily exported to our overseas customers. The domestic unit consists of one foundry and one machine shop and we cater to our domestic customers from this manufacturing facility. Our total manufacturing capacity as on December 31, 2014 was 13.38 million camshaft castings from our foundries per annum and 2.22 million machined camshafts from our machine shops per annum. All our foundries and machine shops are operated round the clock for six days in a week with Wednesdays and the national holidays being the off days.

EOU Unit

Our manufacturing facility located at D-5, D-6, D-7, D-7/1, MIDC, Chincholi, Solapur-Pune Highway, Solapur, Maharashtra has been notified under the special scheme of government of India as an export oriented unit and has been granted a green card by Ministry of Commerce and Industry, Government of India. Our manufacturing facility at the EOU Unit is spread over an area of 1,55,125 sq. mt. which has been leased from the MIDC pursuant to three lease agreements dated March 7, 2000, May 25, 2011 and May 25, 2011. Each of these lease agreements is valid for a period of 95 years. There are four foundries, two machine shops, two administrative blocks including our corporate office, one design and development center with a well equipped inspection laboratory and a calibration laboratory in our EOU unit.

There are four foundries in the EOU unit with a total capacity of 11.94 million camshafts castings per annum. We do not have any pre-owned machinery in our foundries and all these machineries are serviced regularly.

The average capacity utilization of our foundries in the EOU unit in fiscal 2014, fiscal 2013 and fiscal 2012 are set forth below.

Foundry	Aggregate capacity (million camshaft castings per annum)	Average capacity utilization		
		Fiscal 2014	Fiscal 2013	Fiscal 2012
Four foundries	11.94	66.00%	59.00%	77.00%

There are two machine shops in the EOU unit with a total capacity of 1.86 million machined camshafts per annum. We do not have any pre-owned machinery in our machine shops and all these machineries are serviced regularly.

The average capacity utilization of our machine shops in the EOU unit in fiscal 2014, fiscal 2013 and fiscal 2012 are set forth below.

Machine Shop	Aggregate capacity (million machined camshafts per	Average capacity utilization

	annum)			
		Fiscal 2014	Fiscal 2013	Fiscal 2012
Two machine shops	1.86	54.00%	54.00%	97.00%

Domestic Unit

Our manufacturing facility located at E- 90 and E - 102/103 MIDC, Akkalkot Road, Solapur, Maharashtra is our manufacturing unit from where we cater to our domestic customers. Our manufacturing facility at the domestic unit is spread over an area of 20,248 sq. mt. which has been leased from the MIDC pursuant to two lease agreements dated September 30, 1997 and July 8, 1993. These lease agreements are valid for a period of 95 years each. There are one foundry, one machine shop and one administrative block which is also our registered office.

There is one foundry with a total capacity of 1.44 million camshafts castings per annum in the domestic unit. We do not have any pre-owned machinery in this foundry and all these machineries are serviced regularly.

The average capacity utilization of the foundry in the domestic unit in fiscal 2014, fiscal 2013 and fiscal 2012 are set forth below.

Foundry	Capacity (million camshaft castings per annum)	Average capacity utilization		
		Fiscal 2014	Fiscal 2013	Fiscal 2012
One foundry	1.44	79.00%	87.00%	86.00%

There is one machine shop in the domestic unit with a total capacity of 0.36 million machined camshafts per annum. We do not have any pre-owned machinery in this machine shop and all these machineries are serviced regularly.

The average capacity utilization of the machine shop in the domestic unit in fiscal 2014, fiscal 2013 and fiscal 2012 are set forth below.

Machine Shop	Capacity (million machined camshafts per annum)	Average capacity utilization		
		Fiscal 2014	Fiscal 2013	Fiscal 2012
One machine shop	0.36	61.00%	69.00%	77.00%

Separately, we also have a machine shop at Ningbo, China set up through our joint venture NSPCCL with Ningbo Shenglong Powertrain Company Limited ("**NSPCL**") and ZMM Technology, which commenced production in April 2013. The machine shop at Ningbo, China has total capacity of 1.50 million camshafts per annum.

We have undertaken regular capacity augmentation in both our foundries and machine shops across our EOU unit and the domestic unit. For a detailed description of our capacity augmentation, see "***History and Certain Corporate Matters***" on page 142. We have also undertaken a number of cost control measures to improve our results of operations including procurement of power at a comparatively lesser rate pursuant to our agreement with Mittal Processors Private Limited dated August 5, 2014, higher utilization of the plant and machinery during the non-peak tariff hours and additional incentive to employees for lower defect rate in our products Due to improvements in product and sales mix, we have managed to improve our sales realization per camshaft from ₹ 377.83 in fiscal 2010 to ₹ 523.41 in the six months ended September 30, 2014.

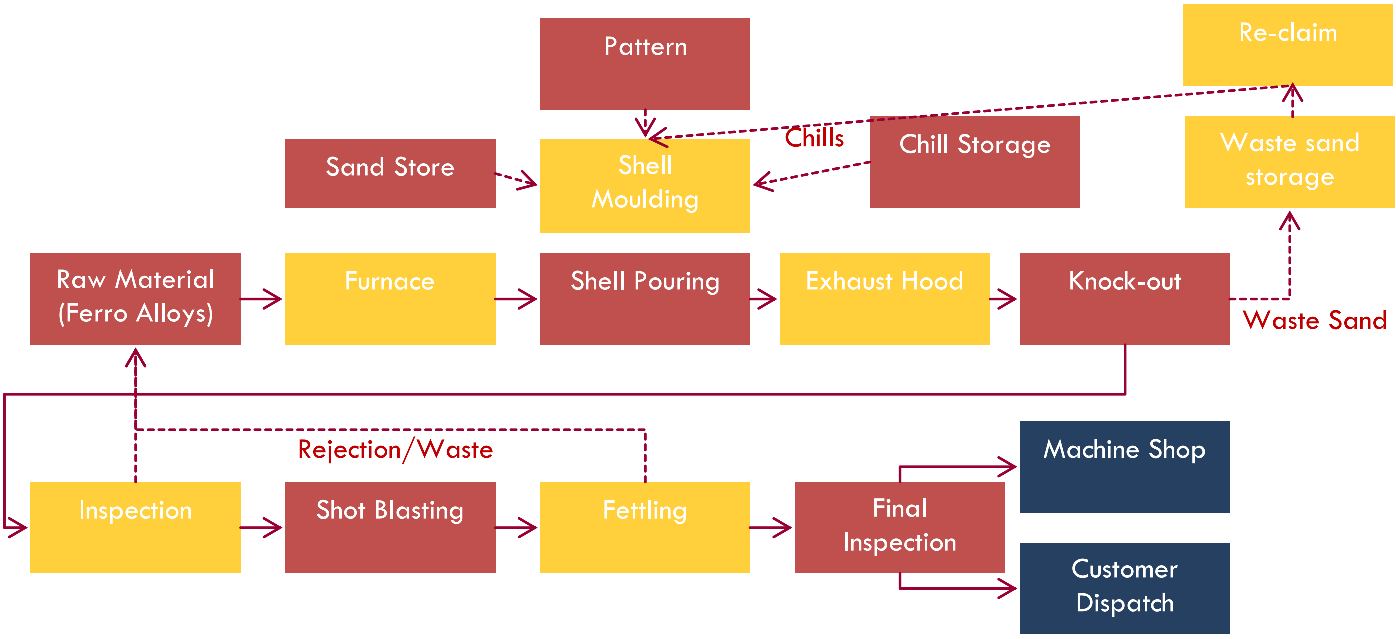
Set forth below are our turnover from sale of camshafts and our realizations per camshafts for the six months ended September 30, 2014 and the last five fiscals on an unconsolidated basis.

Sales	**Six months ended September 30, 2014***	**Fiscal 2014***	**Fiscal 2013***	**Fiscal 2012***	**Fiscal 2011***	**Fiscal 2010***
Turnover from sale of camshafts *(₹ in million)*	2,575.23	4,566.83	3,657.99	3,095.26	2,777.92	1,907.07
Number of camshafts sold *(million)*	4.92	8.83	7.97	7.64	7.40	5.05
Realization per Camshaft *(₹)*	**523.41**	**517.10**	**459.03**	**405.32**	**375.26**	**377.83**

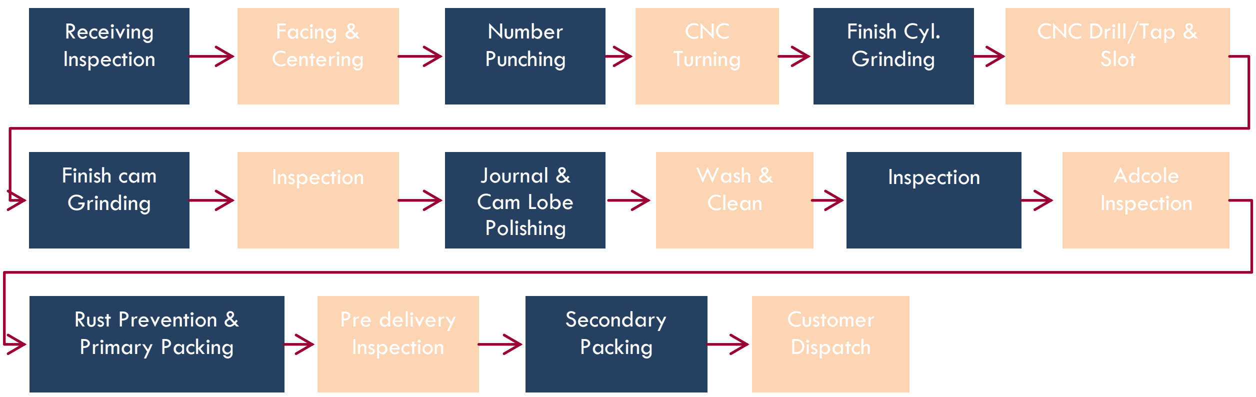
* *The numbers shown above are based on gross sales*

Manufacturing process

Set forth below is the process of manufacturing camshaft castings followed at our foundries in the manufacturing facilities at Solapur, Maharashtra.



Set forth below is the process of manufacturing machined camshafts followed at our machine shops in the manufacturing facilities at Solapur, Maharashtra.



Manufacturing technology

We use different technologies for manufacturing different camshafts including shell sand molding process technology, special (AI203/ ceramic sand care) technology, special quartz glass core technology, special gang chilling technology and GBQII process technology which we believe provides us a cost competitive advantage among our competitors.

Shell sand molding process technology - The shell sand molding process technology is a highly specialized process technology for manufacturing chilled cast iron camshafts for typical three or four cylinders passenger car engine applications. This process can attain selective hardness in camshafts and a near neat shape of casting, eliminating separate hardening process and bulk of machining. This is one of the most cost competitive process for manufacturing camshafts. We believe that this provides us an advantage in securing purchase orders from OEMs across the world.

Special (AI203/ ceramic sand core) technology – This technology is used for manufacturing profiled hollow camshaft castings for significant rotating mass reduction. This technology reduces the CO_2 footprint of the engine applications and also helps the OEMs to achieve mandatory emission targets.

Special quartz glass core technology – The special quartz glass core technology is used for production of long oil holes in the casting itself, eliminating a gun drilling machining process, thereby attaining cost efficiency for our customers.

Special gang chilling process – The special gang chilling process is used for manufacturing variable valve lift cam lobe which is primarily used by high performance sports car engine applications.

GBQII process – We also use the GBQII process which is patented by IMPCO Technologies Inc. to super finish all journal bearings and cam lobes, thereby eliminating the need for 'setting in period' for engines.

Separately, we have also entered into an exclusive agreement with EMAG, a German machining and tooling process company, for transfer of certain know-how and technology for manufacturing of assembled camshafts. We believe that our engineering expertise and technology driven manufacturing processes have enabled us to deliver our products to our customers in accordance with their designs and specifications at a cost competitive manner

Raw Materials and Suppliers

The primary raw materials used by our Company in the manufacturing of camshafts are resin coated sand, pig iron and MS scrap. Purchase of resin coated sand, pig iron and MS scrap accounted for 40.00%, 23.00% and 16.00% of our total expenses for fiscal 2014 on an unconsolidated basis, respectively.

We procure all these raw materials from third party suppliers at spot rate. We do not have any long term agreements with any of our raw material suppliers and we purchase such raw materials on spot order basis.

While we do not have any long term contracts with any of our raw material suppliers, we have maintained a long term relationship with each of these major suppliers and our relationship with each of these suppliers have been for at least over five years.

Customers

While certain OEMs manufacture their own camshafts, a number of OEMs utilize specialized third party camshafts manufacturers, such as us. While we are tier I supplier of camshafts to certain OEMs such as General Motors, Ford Motors, Hyundai, Maruti Suzuki, Tata Motors and Mahindra & Mahindra, we are also a tier II supplier of camshafts for certain OEMs. We have a well diversified customer base spread across geographies. As of March 31, 2014, we have supplied over 50 million units of camshafts in the last ten fiscals and have serviced various customers across different geographies including the United States of America, Brazil, the United Kingdom, Germany, Austria, Hungary, Russia, South Korea, China and India. Majority of our revenue comes from export of camshafts to various overseas OEMs directly and indirectly. 80.00%, 76.00%, 70.00% and 68.00% of our turnover (net) from operations on an unconsolidated basis are from export of camshafts to overseas customers in the six months ended September 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012, respectively.

We have developed long term relationships with marquee global customers in the automobile sector, such as General Motors, Ford Motors and Hyundai. General Motors, Hyundai and Tata Motors are some of the customers with whom we have had relationships for over 10 years.

We have wide and deep relationships with our key OEM customers. Over the years, for various OEM customers, we have developed relationships with and received orders from multiple business divisions and locations globally, including through our efforts to cross sell different camshafts to our global OEM customers. For instance, we used to supply camshafts to General Motors for their plants in Austria and Hungary in 2005, but over time we have expanded our relationship with General Motors and now supply camshafts to General Motors' plants in Korea, Uzbekistan, the United States, Brazil, Austria and India.

Sales, marketing and customer contracts

We have a global footprint, serving OEMs across four continents, including emerging markets such as South America and India. We have a strong marketing network across geographies for sales and marketing initiatives and for procuring purchase orders from various OEMs in different geographies. Our sales and marketing network includes KorConsulting LLC for customers in North America, Europe and the United Kingdom, Huppert Engineering for South America and T&G Auto-tec for South Korea which helps us maintain and develop our strong relationships with our existing customers and procure orders from new customers. Separately our joint ventures NSPCCL and PSSCCL, both with NSPCL, in China have helped us serve our Chinese customers from close proximity.

We have entered into long term purchase contracts with most of our customers, the terms of which range from three years to eight years. However, prior to entering into the purchase contracts, there is a detailed review process that is undertaken by our customers. This involves inspection of the manufacturing facilities, review of the manufacturing processes, review of the raw materials, review of our financial capabilities, technical review of the designs and specification of the proposed product, review of our logistical capabilities across geographies, review of the target price by the purchase team of the customer and multiple inspection and review of prototypes of the product. This is an extensive and stringent process undertaken by our customers over a period of two to three years.

Once executed, these purchase contracts provide for an estimated quantity of camshafts to be purchased by such customer, however, the actual quantity of camshafts to be supplied by our Company and to be purchased by such customer specified in the delivery schedules issued by the customer periodically pursuant to such purchase contracts. The purchase contracts provide for a fixed price for the camshafts to be provided to a specific location of the customers, however, in case of any unusual price escalation of our raw materials, we enter into discussions with such customers and if agreed between both the parties, a revised purchase contract is entered into with the revised price. Further, our purchase contracts contain a warranty provision which warrants/guarantees conformity of the products to specifications, drawings, samples or descriptions furnished by the customers and further warrants that products delivered will be merchantable, of good material and workmanship and free from defect.

Pursuant to such purchase contracts, in case of supply of camshaft to our overseas customers, we export such products to our customers through shipping lines. We deal with the freight forward agents for export of such products and all our products are exported through the JNPT Port to our overseas customers. The responsibility of the goods in transit through marine or road until the products are delivered to the specified location of the customer rests with us. Accordingly, we maintain marine cargo transit insurance policies to cover the various risks during the transit of goods any where in the country or overseas.

Set forth below are our revenue from sale of camshafts within and outside India for the six months ended September 30, 2014 and last five fiscals on an unconsolidated basis.

(₹in million)

Sales	Six months ended September 30, 2014	Fiscal 2014	Fiscal 2013	Fiscal 2012	Fiscal 2011	Fiscal 2010
Within India	552.33	1,058.38	1,049.75	937.59	831.10	624.17
Outside India	2,012.50	3,536.31	2,517.20	2,091.89	1,900.52	1,296.17
Total	**2,564.83**	**4,594.69**	**3,566.95**	**3,029.48**	**2,731.62**	**1,920.34**

Quality control and service

In the critical engine component manufacturing sector, adherence to quality standards is a critical factor as any defects in any of the camshafts manufactured by our Company or failure to comply with the design specifications of our customers may lead to cancellation of the purchase order placed by our customers. In order to maintain the quality standards and comply with the design specifications provided by our customers, we follow a stringent quality control mechanism. At each stage of the manufacturing process, the products are checked by the operators to ensure there is no defect from the previous stage operator. Separately, our manufacturing facilities and the manufacturing processes are regularly inspected by representatives of our customers. Additionally, we have a separate team of 220 engineers which is responsible for quality assurance both in the manufacturing facilities, plant and machineries, and in the manufacturing processes. We enjoy accreditations, such as the ISO TS1649:2002, ISO 14001 and ISO 18001 certifications for our strong quality assurance systems.

Research and development

We have a dedicated design and development team of nine engineers along with a well equipped dimensional inspection laboratory and a calibration laboratory. We believe that our engineering expertise and technology driven manufacturing processes have enabled us to deliver our products to our customers in accordance with their designs and specifications at a cost competitive manner.

Intellectual property

Our Company has registered "*PRECISION*" under class 11 and class 16 as our trademark. Further, our Company has also applied to the trademark registry for renewal of its logo under class 12 and class 16 as appearing on the cover page of this Draft Red Herring Prospectus and such application is currently pending approval. For further information on the intellectual property of our Company, see "***Government and Other Approvals***" and "***Outstanding Litigation and Material Developments***" on page 313 and 306, respectively.

Health, safety and environment

We implement work safety measures and standards to ensure healthy and safe working conditions, equipment and systems of work for all the employees, contractors, visitors and customers at our power projects. We intend to reduce waste and other harmful pollutants by careful use of materials, energy and other resources by maximizing recycling opportunities.

Each of our manufacturing facilities has its own work safety management department which ensures compliance with applicable safety measures and standards. We have established procedures within the Company to oversee work safety and also to determine safety measures and standards across all our projects in accordance with the relevant safety laws and regulations in India. We oversee the implementation and compliance of these safety measures and standards. We endeavour for all of our manufacturing facilities to have integral safety systems and emergency shutdown systems for smooth and safe stoppage of the foundries and machine shops in abnormal conditions. We have available a 24-hour experienced fire fighting crew equipped with firefighting equipment, fire tenders and ambulances at all of our manufacturing facilities.

Human resources and employee training

As on September 30, 2014, we had 1,676 employees. Our personnel policies are aimed towards recruiting talented individuals, facilitating their integration, and promoting the development of their skills. These employees are employed in various capacities and cadres in the divisions of our Company, which *inter alia* range from such professionals like that of engineers, accountants to machine operators and workers. For the purposes of recruiting employees we advertise in national dailies and use recruitment web-sites at regular periods. Recruitment of personnel in different categories is carried out by the human resources department of our Company. We also provide training to our employees. Our emoluments for our staff are performance based. Employees are evaluated on a yearly basis for their performance on specified parameters.

As such we consider our relations with our employees to be amicable. Our Company has recognized a registered labour union, Precision Valvetrain Kamgar Sanghatana at the EOU unit and two registered labour unions at the domestic unit being Solapur Zilla Mazdoor Sangh for the machine shop division and Workmen of the Foundry Division, Precision Camshafts Limited, for the foundry division, respectively. Our Company has entered into memorandum of settlement with all the three recognized trade unions.

Insurance

Our Company has various insurance polices in respect of our business, our assets such as stocks, machinery, buildings and equipment. We have fire and special perils insurance, with additional cover for natural calamities like earthquake for our main offices and manufacturing facilities in relation to our inventories, raw materials, office equipment, electrical equipment and computers. We maintain marine cargo transit insurance policies to cover the various risks during the transit of goods any where in the country or overseas. We have employee compensation insurance for our staff at our main offices and manufacturing facilities.

Property

EOU Unit

Our Corporate Office which is also our EOU Unit is situated at D-5, D-6, D-7 and D-7/1, MIDC, Chincholi, Solapur, Maharashtra. We occupy such office pursuant to lease agreements with MIDC the details of which are set forth hereunder.

S. No.	Unit	Date of Agreement	Lessor	Tenure of Lease	Area of Property
1.	D-5	March 7, 2000	MIDC	95 years from June 1, 1999	62,725 sq. mt.
2.	D-6	May 25, 2011	MIDC	95 years from April 1, 2008	52,500 sq. mt.
3.	D-7/1				
4.	D-7	May 25, 2011	MIDC	95 years from May 25, 2011	39,900 sq. mt.

Domestic Unit

Our Domestic Units, E-90, E-102 and E-103, each situated at MIDC, Akkalkot Road, Solapur, Maharashtra are occupied by us pursuant to lease agreements the details of which are set forth hereunder.

S. No.	Unit	Date of Agreement	Lessor	Tenure of Lease	Area of Property
1.	E-90	September 23, 1996	MIDC	95 years from April 1, 1983	11,520 sq. mt.
2.	E-102	September 30, 1997	MIDC	95 years for October 1, 1983	4,000 sq. mt.
3.	E-103	July 8, 1993	MIDC	95 years from March 1, 1992	4,728 sq. mt.

Additionally, our Company has a branch office situated at ground floor, Plot no. 70, Shivaji Housing Society, Off Senapati Bapat Road, Pune on a lease basis pursuant to a lease agreement dated September 1, 2014, entered into with Ms. Bhagyashree Indulkar, Mr. Ranjit Desai, Ms. Yahsomati Shitole and Ms. Varshagauri valid for a period three years, until August 31, 2017. Our Company has also entered into four agreements for sale, each dated August 11, 2014 with Vaishnavi Multicon Private Limited for purchasing four flats situated at Vaishnavi Heights, Bale, Solapur, Maharashtra. Further, our Company has also entered into a long term lease agreement dated March 18, 2013 with Marveledge Realtors Private Limited for lease of an area admeasuring 126.3 sq. mt. situated at Lohegaon, Pune, Maharashtra to use such property as an office flat. Our Company also owns a property located at Antrolikar Nagar, Phase I, Majrewadi, Solapur, Maharashtra admeasuring 416.25 sq. mt. pursuant to a sale deed dated September 14, 2010, for use as its guest house. Furthermore, our Company has entered into four agreements for sale, each dated May 10, 2013 with M/s. Ganesh Ramchandra Apte for purchasing four flats situated at Indradhanu Phase I, Wing A, Plot no. 164/1/A, Laxmi Peth, Solapur, Maharashtra.

Our Company has also, pursuant to a letter of allotment dated December 11, 2014, been granted sanction for allotment of land by Maharashtra Industrial Development Corporation for lease of an area of 100,040 sq. mt. located at F-6, Chincholi, Solapur, Maharashtra for setting up a machine shop for manufacture of assembled camshafts. Our Company is yet to enter into a lease agreement with Maharashtra Industrial Development Corporation in respect of such allotment of land.

Competition

We operate in a highly competitive industry. We compete with other critical engine component manufacturers and suppliers in the world and in India. While some of our competitors have better penetration in some of the geographies that we operate, some of our competitors are also specialized in some of the camshaft segments that we operate. While we have been able to increase in our global market share consistently in the last five fiscals, we continue to compete with international, regional and domestic entities engaged in manufacturing and supply of camshafts to passenger vehicles, tractors, light commercial vehicles and locomotive engines. Some of our significant competitors globally are Federal Mogul Goetze, Linamar Corporation, Mahle AG, Musashi Seimitsu Industries, Riken Corporation, Schleicher Fahrzeugteile, ThyssenKrupp AG and Southern Autocast Components. Camshaft manufacturers present in India include Mahle AG and Southern Autocast Components.

While currently we primarily manufacture and supply chilled cast iron camshafts, we are in the process of diversifying into ductile iron camshafts and assembled camshafts in which segments too we will compete with established manufacturers and suppliers with long term relationships with the OEMs.

Competition in the global critical engine component industry is likely to further intensify in view of the continuing globalization and consolidation in the automotive industry. Competition is especially likely to increase in the premium automotive categories as each market participant intensifies its efforts to retain its position in established markets while also developing a presence in emerging markets. The factors affecting competition may include product quality and features, innovation and product development time, ability to control costs, pricing, reliability, safety, fuel economy, customer service and financing terms.

REGULATIONS AND POLICIES IN INDIA

The following description is a summary of certain industry specific laws and regulations currently in force in India, which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The description below may not be exhaustive, and is only intended to provide general information to investors, and is neither designed as, nor intended to substitute, professional legal advice. Judicial and administrative interpretations are subject to modification or clarification by subsequent legislative, judicial or administrative decisions.

*For information on regulatory approvals obtained by us, see "**Government and Other Approvals**" on page 313.*

REGULATION PERTAINING TO THE AUTO COMPONENT MANUFACTURING

The National Auto Policy

The National Auto Policy, 2002, as amended ("**National Auto Policy**") was introduced by the Department of Heavy Industry, Ministry of Heavy Industries and Public Enterprises, Government of India in March 2002. It recognizes the need to provide direction to the growth and development of the automotive industry with the aim, among others, to promote a globally competitive automotive industry, 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 modernization of the industry and facilitate indigenous design, research and development and to develop domestic safety and environmental standards at par with international standards. This policy seeks to set out the direction of growth for the industry and promote research and development therein so as to ensure continuous technology upgradation as well as building up of better designing capacities.

The Automotive Mission Plan, 2006-2016

The Ministry of Heavy Industries and Public Enterprises, Government of India released the Automotive Mission Plan, 2006-2016 ("**Automotive Mission Plan**") in December 2006. This plan contained recommendations of the Task Force of the Development Council on automobile and allied industries constituted by the Government of India. For the promotion of exports in the auto component sector, among other things, it recommends the creation of special automotive component parks and virtual special economic zones, which would enjoy certain exemptions on sales tax, excise and customs duty, as well as certain tax exemptions and concessions in relation to promotion of research and development in the automotive sector. The Automotive Mission Plan recommends a detailed intervention in order to promote export, expand domestic demand, favourable tariff policy, increase in investment in the automobile sector and provision of inspection and certification systems among other things. In all these, the role of the Government is of facilitating infrastructure creation, promoting the country's capabilities, creating a favourable and predictable business environment, attracting investments and promoting research and development. The role of industry is primarily of designing and manufacturing products of world-class quality standards, establishing cost competitiveness, improving productivity of both labour and capital, achieving scale and research and development enhancing capabilities as well as showcasing India's products in potential markets.

All such initiatives indicate that the automotive industry has been an emerging sector of the economy. It is not only meeting the growing domestic demands, but also gradually increasing its impact in the international markets. The Indian automotive industry has been continuously restructuring itself and absorbing new technologies in order to align itself to the global developments. In the presence of several advantages like low cost and high skill manpower, globally competitive auto-ancillary industry established testing and research and development centres, production of steel at lowest cost, the automotive industry provides immense investment opportunities.

Research and Development Cess Act, 1986

The Research and Development Cess Act, 1986, as amended (the "**R&D Act**") is a statute to provide for the levy and collection of a cess on all payments made for the import of technology for the purpose of encouraging the commercial application of indigenously developed technology and for adapting imported technology to wider domestic application. The R&D Act mandates payment of cess, at a rate not exceeding 5% on all payments made towards the import of technology, as the Central Government may notify for the purpose. In the event such cess is not paid on or before making payments towards import of technology, the Technology

Development Board, may impose on the company or entity a penalty not exceeding 10 times the amount of cess unpaid.

INTELLECTUAL PROPERTY LAWS

The Patents Act, 1970

The Patents Act, 1970, as amended (the "**Patents Act**") provides for the grant of patents to protect the legal rights tied to the intellectual property in inventions. A patent gives the holder of the patent the right to prevent others from exploiting the patented invention commercially in the country where the patent has been granted. In order for a patent to be granted to an invention, it must be novel, have an inventive step and should be capable of industrial application. Under the Patents Act, it is possible to obtain patents for both products and processes and also to obtain patents of addition in respect of any improvements or modifications to an invention already patented. Chapter II of the Patents Act sets out inventions that are not patentable. The form and manner of application for patents is set out under Chapter III and Chapter VIII deals with the grant of patents. Patents obtained in India are valid for a period of 20 years from the date of filing the application.

Indian Copyright Act, 1957

The Indian Copyright Act, 1957, as amended (the "**Copyright Act**") provides for registration of copyrights, transfer of ownership and licensing of copyrights, and infringement of copyrights and remedies available in that respect. The Copyright Act affords copyright protection to original literary, dramatic, musical or artistic works, cinematograph films, and sound recordings. Once registered, copyright protection lasts for 60 years from the death of the author, subsequent to which the work falls in the public domain and any act of reproduction of the work by any person other than the author would not amount to infringement. The remedies available in the event of infringement of copyright include civil proceedings for damages, account of profits, injunction and the delivery of infringing copies to the copyright owner, as well as criminal remedies, including imprisonment of the accused and imposition of fines and seizure of infringing copies. While copyright registration is not a prerequisite for acquiring or enforcing a copyright, registration creates a presumption favoring ownership of the copyright by the registered owner.

The Trade Marks Act, 1999

The Trade Marks Act, 1999, as amended (the "**Trademarks Act**") governs the statutory protection of trademarks in India. In India, trademarks enjoy protection under both statutory and common law. Indian trademarks law permits the registration of trademarks for goods and services. Certification trademarks and collective marks are also registerable under the Trademarks Act. An application for trademark registration may be made by any person claiming to be the proprietor of a trademark and can be made on the basis of either current use or intention to use a trademark in the future. The registration of certain types of trademarks are absolutely prohibited, including trademarks that are not distinctive and which consist exclusively of marks or indications which may serve in trade to designate/indicate the kind, quality, quantity, intended purpose, values, geographic origin, or the theme of production of the goods.

Applications for a trademark registration may be made for in one or more international classes. Once granted, trademark registration is valid for 10 years unless cancelled. If not renewed after 10 years, the mark lapses and the registration for such mark has to be obtained afresh. While both registered and unregistered trademarks are protected under Indian law, the registration of trademarks offers significant advantages to the registered owner, particularly with respect to proving infringement. Registered trademarks may be protected by means of an action for infringement, whereas unregistered trademarks may only be protected by means of the common law remedy of passing off. In case of the latter, the plaintiff must, prior to proving passing off, first prove that he is the owner of the trademark concerned. In contrast, the owner of a registered trademark is *prima facie* regarded as the owner of the mark by virtue of the registration obtained.

ANTI TRUST LAWS

Competition Act, 2002

The Competition Act, 2002, as amended (the "**Competition Act**") aims to prevent anti-competitive practices that cause or are likely to cause an appreciable adverse effect on competition in the relevant market in India. The

Act prohibits anti-competitive agreements, abuse of dominant position and regulates combinations (mergers and acquisitions) with a view to ensure that there is no adverse effect on competition in India. The Competition Act, although enacted in 2002, is being brought into force in a phased manner. Provisions relating to anti-competitive agreements and abuse of dominant position were brought into force with effect from May 20, 2009 and thereafter the Competition Commission of India ("**Competition Commission**") became operational from May 20, 2009. The provisions of the Competition Act relating to regulation of combinations have been enforced with effect from 1st June, 2011.

Under the Competition Act, the Competition Commission has powers to pass directions / impose penalties in cases of anti-competitive agreements, abuse of dominant position and combinations, provided the penalty is not more than 10% of the average turnover of the last three years. In the event of failure to comply with the orders or directions of the Competition Commission, without reasonable cause, such person is punishable with a fine extending to ₹ 0.10 million for each day of such non-compliance, subject to a maximum of ₹ 100 million. If there is a continuing non-compliance the person may be punishable with imprisonment for a term extending up to three years or with a fine which may extend up to ₹ 250 million or with both as the Chief Metropolitan Magistrate, Delhi may deem fit. In case of offences committed by companies, the persons responsible for the conduct of the business of the company will be liable under the Competition Act, except when the offence was committed without their knowledge and they had exercised due diligence to prevent it.

Where the contravention committed by the company took place with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such person is liable to be punished. The Competition Act also provides that the Competition Commission has the jurisdiction to inquire into and pass orders in relation to an anti-competitive agreement, abuse of dominant position or a combination, which even though entered into, arising or taking place outside India or signed between one or more non-Indian parties, but causes an appreciable adverse effect in the relevant market in India.

LABOUR RELATED LEGISLATIONS

The Factories Act, 1948

The Factories Act, 1948, as amended (the "**Factories Act**") seeks to regulate labour employed in factories and makes provisions for the safety, health and welfare of the workers. It applies to industries in which (i) 10 or more than 10 workers are employed on any day of the preceding 12 months and are engaged in the manufacturing process being carried out with the aid of power, or (ii) 20 or more than 20 workers are employed in the manufacturing process being carried out without the aid of power. Each State has enacted rules in respect of the prior submission of plans and their approval for the establishment, registration and licensing of factories. The Factories Act provides that occupier of a factory *i.e.* the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety and welfare of all workers especially in respect of safety and proper maintenance of the factory such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workers' health and safety, cleanliness and safe working conditions. The Factories Act also provides for imposition of fines and imprisonment of the manager and occupier of the factory in case of any contravention of the provisions of the Factories Act.

The Employees' Provident Funds and Miscellaneous Provisions Act, 1952

The Employees' Provident Funds and Miscellaneous Provisions Act, 1952, as amended (the "**EPF Act**") aims to institute provident funds, pension funds and deposit-linked insurance fund for the benefit of employees in establishments and factories engaged in any industry specified in Schedule I of the EPF Act which employ 20 or more persons or such class of establishments which the GoI may by notification specify, in this regard.

The Employees' State Insurance Act, 1948

The Employees' State Insurance Act, 1948, as amended ("**ESI Act**")applies to all factories, unless seasonal in nature, which employ 10 or more employees for wages and carry on a manufacturing process with the aid of power (20 employees where manufacturing process is carried out without the aid of power). The ESI Act and the Employees' State Insurance (General) Regulations, 1950 puts the onus of registering the factory or establishment with the employer. The contribution payable under this ESI Act to the corporation comprises contribution payable by the employer and contribution payable by the employee, subject to certain exceptions.

The ESI Act provides for certain benefits to employees in case of sickness, maternity and employment injury. Under the ESI Act, employees receive sickness benefit, maternity benefit, dependants benefit, medical benefit and funeral expenses. Where a workman has sustained an employment injury as an employer under the ESI Act, compensation or damages under the Workmen's Compensation Act, 1923 or any other law for the time being in force or otherwise cannot be claimed in respect of employment injury.

The Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965, as amended ("**Payment of Bonus Act**") provides for payment of bonus on the basis of profit or on the basis of production or productivity to persons employed in factories or in establishments employing 20 or more persons on any day during an accounting year. It ensures that a minimum bonus is payable to every employee regardless of whether the employer has any allocable surplus in the accounting year in which the bonus is payable. The employer is bound to pay to every employee, in respect of the accounting year, a minimum bonus which is 8.33% of the salary or wage earned by the employee during the accounting year or ₹ 100, whichever is higher.

The Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1972, as amended ("**Payment of Gratuity Act**") provides for a scheme for payment of gratuity to an employee on the termination of his employment after he has rendered continuous service for not less than 5 years: (a) on his/her superannuation; (b) on his/her retirement or resignation; (c) on his/her death or disablement due to accident or disease (in this case the minimum requirement of five years does not apply). The maximum amount of gratuity payable to an employee is ₹ 1,000,000. The Payment of Gratuity Act is applicable, *inter alia*, to establishments in which 10 or more persons are employed or were employed on any day of the preceding 12 months.

Workmen's Compensation Act, 1923

Workmen's Compensation Act, 1923, as amended ("**Workmen's Compensation Act**") provides for payment of compensation to workmen in case of injury by accident (including certain occupational disease) arising out of and in the course of his employment and resulting in disablement or death. The Workmen's Compensation Act is applicable to persons employed in any capacity as is specified therein and includes persons employed in the construction, maintenance or repair of any road, bridge, dam etc.

The Minimum Wages Act, 1948

The Minimum Wages Act, 1948, as amended ("Minimum Wages Act") provides for the fixing of minimum rates of wages payable to employees employed in a scheduled employment as specified therein, including employment on the construction or maintenance of roads or in building operations.

Payment of Wages Act, 1936

Payment of Wages Act, 1936, as amended ("**Wages Act**") is aimed at regulating the payment of wages to certain classes of persons employed in certain specified industries and to ensure a speedy and effective remedy for them against illegal deductions or unjustified delay caused in paying wages to them. It contains provisions in relation to, *inter alia,* the responsibility for payment of wages, fixing of wage periods, time of payment of wages, and maintenance of registers and records. It applies to the persons employed in a factory, industrial or other establishment or in a railway, either directly or indirectly, through a sub-contractor. Further, the Wages Act is applicable to employees drawing wages up to ₹ 18,000 per month. The Government of India is responsible for enforcement of the Act in railways, mines, oilfields and air transport services, while the State Governments are responsible for it in factories and other industrial establishments.

Maternity Benefit Act, 1961

Maternity Benefit Act, 1961, as amended ("**Maternity Benefit Act**") is aimed at regulating the employment of women in certain establishments for certain periods before and after child birth and for providing for maternity benefit and certain other benefits. It applies to every establishment being a factory, mine or plantation including any such establishment belonging to government and to every establishment wherein persons are employed for the exhibition of equestrian, acrobatic and other performances. It also applies to every shop or establishment wherein ten or more persons are employed or were employed on any day of the preceding twelve months. According to the Maternity Benefit Act, every woman is entitled to, and her employer is liable for, the payment of maternity benefit at the rate of the average daily wage for the period of her actual absence, including the period immediately preceding the day of her delivery, the actual day of her delivery and any period immediately following that day.

The Equal Remuneration Act, 1976

The Equal Remuneration Act, 1976, as amended ("**Equal Remuneration Act**") provides for the payment of equal remuneration to men and women workers for same work or work of a similar nature and for the prevention of discrimination, on the ground of sex, against women in the matter of employment. According to the Equal Remuneration Act, the term remuneration means the basic wage or salary and any additional emoluments whatsoever payable, either in cash or in kind, to a person employed in respect of employment or work done in such employment, if the terms of the contract of employment, express or implied, are fulfilled. Further, no employer shall, while making recruitment for the same work or work of a similar nature, or in any condition of service subsequent to recruitment such as promotions, training or transfer, make any discrimination against women except where the employment of women in such work is prohibited or restricted by or under any law for the time being in force.

The Child Labour (Prohibition & Regulation) Act, 1986

The Child Labour (Prohibition & Regulation) Act, 1986, as amended ("**Child Labour Act**") was enacted to prohibit the engagement of children below the age of fourteen years in certain specified occupations and processes and to regulate their conditions of work in certain other employments. The list of such occupations and processes is progressively being expanded on the recommendation of Child Labour Technical Advisory Committee constituted under the Act. No child shall be required or permitted to work in any establishment in excess of such number of hours, as may be prescribed for such establishment or class of establishments. Every child employed in an establishment shall be allowed in each week, a holiday of one whole day, which day shall be specified by the occupier in a notice permanently exhibited in a conspicuous place in the establishment and the day so specified shall not be altered by the occupier more than once in three months.

Contract Labour (Regulation and Abolition) Act, 1970

The Contract Labour (Regulation and Abolition) Act, 1970, as amended ("**CLRA**") requires establishments that employ or have employed on any day in the preceding 12 months, 20 or more workmen as contract labour to be registered. The CLRA places an obligation on the principal employer of an establishment to which the CLRA applies to make an application for registration of the establishment. In the absence of registration, contract labour cannot be employed in the establishment. Likewise, every contractor to whom the CLRA applies is required to obtain a license and not to undertake or execute any work through contract labour except under and in accordance with the license issued.

To ensure the welfare and health of contract labour, the CLRA imposes certain obligations on the contractor including the establishment of canteens, rest rooms, washing facilities, first aid facilities, provision of drinking water and payment of wages. In the event that the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period. A person in contravention of the provisions of the CLRA may be punished with a fine or imprisonment, or both.

ENVIRONMENTAL LEGISLATIONS

The Environment (Protection) Act, 1986 ("**Environment Protection Act**"), the Water (Prevention and Control of Pollution) Act, 1974 ("**Water Act**") and the Air (Prevention and Control of Pollution) Act, 1981 ("**Air Act**") provide for the prevention, control and abatement of pollution. Pollution control boards have been constituted in all states in India to exercise the powers and perform the functions provided for under these statutes for the purpose of preventing and controlling pollution. Companies are required to obtain consents of the relevant state pollution control boards for emissions and discharge of effluents into the environment. The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008 ("**Hazardous Wastes Rules**") impose an obligation on every occupier of an establishment generating hazardous waste to recycle or reprocess or reuse such wastes in a registered recycler or to dispose of such hazardous wastes in an authorized disposal facility. Every person engaged, *inter alia*, in the generation, processing, treatment, package, storage and destruction of hazardous waste is required to obtain an authorization from the relevant state pollution control board for collecting, recycling, reprocessing, disposing, storing and treating the hazardous waste.

The Environmental Impact Assessment Notification dated September 14, 2006 read with notifications dated October 11, 2007, December 1, 2009, April 4, 2011 and January 25, 2012, issued under the Environment Protection Act and the Environment (Protection) Rules, 1986, requires prior environmental clearance of the Ministry of Environment and Forests, GoI and at state level, of the state environment impact assessment authority, if any new project (specified in the notification) is proposed to be undertaken or for expansion and modernization of existing projects beyond certain specified threshold limits. The environment clearance (for commencement of the production operations) is valid for the time period prescribed in the notification.

The Public Liability Insurance Act, 1991 (the "**Public Liability Act**") imposes liability on the owner or controller of hazardous substances for death or injury to any person (other than a workman) or any damage to property arising out of an accident involving such hazardous substances. A list of hazardous substances covered by the legislation has been enumerated by the Government by way of a notification. The owner or handler is also required to an insurance policy insuring him against liability under the legislation. The Public Liability Insurance Rules, 1991 mandate that the owner has to contribute towards the environment relief fund, a sum equal to the premium paid on the insurance policies. The amount is payable to the insurer.

INDIRECT TAX LAWS

Central Excise Act, 1944

Excise duty is levied on production of goods but the liability of excise duty arise only on removal of goods from the place of storage, i.e., factory or warehouse. Unless specifically exempted, excise duty is levied even if the duty was paid on the raw material used in production. The basic rate of excise duty is 10%. There is at present a cess for education called education cess, which is 3% of the excise duty; therefore, the effective excise duty comes out as 10.3%.

Central Sales Tax Act, 1956

The Central Sales Tax Act, 1956, as amended (the "**Central Sales Tax Act**") formulates principles for determining (a) when a sale or purchase takes place in the course of inter-state trade or commerce; (b) when a sale or purchase takes place outside a State and (c) when a sale or purchase takes place in the course of imports into or export from India. This Act provides for levy, collection and distribution of taxes on sales of goods in the course of inter-state trade or commerce and also declares certain goods to be of special importance in inter-State trade or commerce and specifies the restrictions and conditions to which state laws imposing taxes on sale or purchase of such goods of special importance (called as declared goods) shall be subject. Central sales tax is levied on inter state sale of goods. Sale is considered to be inter-state when (a) sale occasions movement of goods from one state to another or (b) is effected by transfer of documents during their movement from one state to another.

A sale or purchase of goods shall be deemed to take place in the course of inter-state trade or commerce if the sale or purchase is affected by a transfer of documents of title to the goods during their movement from one state to another. When the goods are handed over to the carrier, he hands over a receipt to the seller. The seller sends the receipt to buyer. The buyer gets delivery of goods on submission of the receipt to the carrier at other end. The receipt of carrier is 'document of title of goods'. Such document is usually called Lorry Receipt ("**LR**") in case of transport by Road or Air Way Bill ("**AWB**") in case of transport by air. Though it is called Central Sales Tax Act, the tax collected under the Act in each state is kept by that state only. Central sales tax is payable in the state from which movement of goods commences (that is, from which goods are sold). The tax collected is retained by the state in which it is collected. The Central Sales Tax Act is administered by sales tax authorities of each State. The liability to pay tax is on the dealer, who may or may not collect it from the buyer.

Law on Service Tax

There is no separate Service Tax Act as on date and the provisions contained in chapters V and VA (section 64 to 96-I) of the Finance Act 1994 govern the levy of service tax. Service tax is applicable to defined service providers, providing defined taxable services, to defined service receivers, in India. The tax is liable on the gross amounts charged for such service less the deductions and exemptions set out therein normally at the rate of 10%

(plus education cess of 2% on 10% and secondary and higher education cess of 1% on 10%). The levy should get attracted on providing of the services, whereas the charge is to crystallize only on receipt of the consideration. Service tax is payable only on receipt of the monies for the service whether partially or fully. The non-payment of service tax component charged to the customer is not relevant and the amount received would be considered to be inclusive of service tax. As the levy of service tax is on the provision of service, the services provided before the date of the levy coming into being would not be liable. It also means that billing made for prior periods when the levy was not in place would not be liable. However it may be prudent to ensure that the evidence of providing the service earlier is available. Similarly, the credit on the input services is available only when the payments are made for the value of services. If there were a part payment of services, proportionate credit would be admissible.

Law on Value Added Tax

Value Added Tax ("**VAT**") is a tax on the final consumption of goods or services and is ultimately borne by the consumer. The term 'value addition' implies the increase in value of goods and services at each stage of production or transfer of goods and services. It is a multi-stage tax with the provision to allow 'Input tax credit ("**ITC**")' on tax at an earlier stage, which can be appropriated against the VAT liability on subsequent sale. This input tax credit in relation to any period means setting off the amount of input tax by a registered dealer against the amount of his output tax. It is given for all manufacturers and traders for purchase of inputs/supplies meant for sale, irrespective of when these will be utilized/sold. The VAT liability of the dealer/manufacturer is calculated by deducting input tax credit from tax collected on sales during the payment period. If the tax credit exceeds the tax payable on sales in a month, the excess credit will be carried over to the end of next financial year. If there is any excess unadjusted input tax credit at the end of second year, then the same will be eligible for refund.

VAT is basically a state subject, derived from Entry 54 of the State List, for which the states are sovereign in taking decisions. The state governments, through taxation departments, carry out the responsibility of levying and collecting VAT in the respective states. The Central Government plays the role of a facilitator for the successful implementation of VAT. The Ministry of Finance is the main agency for levying and implementing VAT, both at the Centre and the State level.

Customs Act, 1962

The Customs Act, 1962, as amended ("**Customs Act**") regulates import of goods into and export of goods from India. Further, the Customs Act regulates the levy and collection of customs duty on goods in accordance with the Customs Tariff Act, 1975. Under the Customs Act, the Central Board of Customs and Excise ("**CBEC**") is empowered to appoint, by notification, ports or airports as customs ports or airports. Further, all imported goods unloaded in a customs area are required to remain in the custody of a person approved by the Commissioner of Customs, appointed under the Customs Act, until cleared for home consumption or warehousing upon payment of import duty or may be exported upon payment of export duty, if any, as the case may be.

Customs duty is payable as a percentage of value which is known as assessable value or customs value. The value may either be value or tariff value as defined in the Customs Act. According to section 14(1) of the Customs Act, the value of the imported goods and export goods shall be the transaction value of such goods, that is to say, the price actually paid or payable for the goods when sold for export to India for delivery at the time and place of importation, or as the case may be, for export from India for delivery at the time and place of exportation, where the buyer and seller of the goods are not related and price is the sole consideration for the sale. Tariff value on the other hand is fixed by the CBEC for any class of imported goods or export goods. Authorities will consider the trend of value of the goods in question while fixing tariff value. Once fixed, the duty is payable as a percentage of this value.

The Customs Act provides for levy of penalty and/or confiscation of prohibited or dutiable goods that are imported into or exported from an area that is not appointed as a customs port or airport or are imported or exported without payment of requisite duty.

Export Promotion Capital Goods Scheme (the "EPCG Scheme")

The EPCG Scheme is one of the schemes provided by Government of India to importers and exporters to promote exports. Under this scheme of the Foreign Trade Policy, import of capital goods which are required for the manufacture of resultant export product specified in the EPCG Scheme Authorization is permitted at nil or concessional rate of customs duty. As per the Foreign Trade Policy 2009-14 amended later time to time in annual supplements, the EPCG Authorization holder is permitted to import capital goods at 0% or 3% customs duty. Under the 0% duty EPCG Authorization holder is required to undertake export obligation equivalent to six times of the duty saved amount on the capital goods imported within a period of six years reckoned from the date of issue of authorization. Under the 3% duty EPCG scheme, the authorization holder has to fulfill export obligation equivalent to eight times of the duty saved amount on the capital goods imported in eight years. Export obligations can be fulfilled by the direct export of goods or services outside India, or by way of deemed exports, which are transactions deemed to be exports. In addition, a proportion of the export obligation can also be satisfied by exports by group companies as defined under the EPCG Scheme. The precise terms of the obligations are stipulated in the license issued to the importer under the EPCG Scheme and under applicable law.

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 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, 1995 have been framed outlining the procedure to be followed for the purpose of grant of duty drawback (for both kinds of duties suffered) by the customs authorities processing export documentation.

Under duty drawback scheme, an exporter can opt for either all industry rate of duty drawback scheme or brand rate of duty drawback scheme. Major portion of duty drawback is paid through all industry rate of duty drawback scheme which essentially attempts to compensate exporters of various export commodity for average incidence of customs and central excise duties suffered on the inputs used in their manufacture. Brand rate of duty drawback is granted in terms of rules 6 and 7 of Customs and Central Excise Duties Drawback Rules, 1995 in cases where the export product does not have any all industry rate or duty drawback rate, or where the all industry rate duty drawback rate notified is considered by the exporter insufficient to compensate for the customs or central excise duties suffered on inputs used in the manufacture of export products. For goods having an all industry rate, the brand rate facility to particular exporters is available only if it is established that the compensation by all industry rate is less than 80% of the actual duties suffered in the manufacture of the export goods.

FOREIGN DIRECT INVESTMENT ("FDI")

Under the current consolidated FDI Policy, effective from April 17, 2014, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, including any modifications thereto or substitutions thereof, issued from time to time, (the "**Consolidated FDI Policy**") which consolidates the policy framework on FDI, 100% FDI through automatic route is permitted in the automobile sector.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated as 'Precision Camshafts Private Limited' on June 8, 1992 under the Companies Act 1956, with the Registrar of Companies, Maharashtra at Mumbai. Pursuant to a resolution of our shareholders dated June 21, 1997, our Company was converted to a public limited company, and accordingly our name was changed to 'Precision Camshafts Limited' and a fresh certificate of incorporation consequent upon change of name on conversion to public limited company was issued by the Registrar of Companies, Maharashtra at Mumbai on August 1, 1997. Our Company was initially registered under the Registrar of Companies, Maharashtra at Mumbai, however a new office of the Registrar of Companies was opened at Pune on the May 1, 1998 to meet the requirements of the corporate sector and the general public in and around Pune. Subsequently, our Company came under the purview of Registrar of Companies, Maharashtra at Pune.

For information on our activities, services, growth, technology, export, market and capacity build-up, our standing with reference to our prominent competitors and customers, see, "***Our Business***" and "***Industry Overview***" on pages 120 and 109, respectively. For details of our management and managerial competence, see, "***Our Management***" on page 153 and for details of our borrowings, see "***Financial Indebtedness***" on page 302. For details of shareholding of our Promoters, see "***Capital Structure***" on page 67.

Our Company has 16 shareholders, as of the date of this Draft Red Herring Prospectus. For further information, see "***Capital Structure***" on page 67.

Changes in Registered Office

The registered office of our Company was initially situated at 51, Sarvodaya Housing Society, Hotgi Road, Solapur, 413 003, Maharashtra, India. This office of our Company was shifted to E 102/103, MIDC, Akkalkot Road, Solapur 413 006, Maharashtra, India pursuant to a resolution of the Board dated January 10, 2001, the effective date of such change in order to enable greater administrative efficiency.

Major Events

Calendar year	Event
1992	Incorporation of our Company
1997	Expanded our machine shop and foundry operations pursuant to an investment by a private equity investor Commonwealth Development Corporation, United Kingdom ("**CDC**")
	Subscription of 66,360 equity shares of our Company by Nandi Investments Limited, a private equity investor
1999	Signed a technical and financial joint venture with G. Clancey Limited, United Kingdom, a European manufacturer of camshafts
	Incorporation of a joint venture company, Clancey Precision Components Private Limited ("**CPCPL**") with G. Clancey Limited to manufacture 1,800,000 camshaft castings per year as an Export Oriented Unit ("**EOU**")
	Merger of Precision Shellcast Limited ("**PSL**") with our Company pursuant to a scheme of amalgamation as approved by an order of the High Court of Bombay dated February 11, 1999
2006	Acquired 100% ownership in CPCPL by acquiring the stake of its joint venture partner G. Clancey Limited, United Kingdom thereby changing the name of such company to Precision Valvetrain Private Limited ("**PVPL**")
2007	Purchase of 123,197 equity shares of our Company held by Nandi Investments Limited, a private equity investor by TML Financial Services Limited
2008	Merger of PVPL with our Company pursuant to a scheme of amalgamation as approved by an order of the High Court of Bombay dated February 1, 2008
	Transfer of 123,197 equity shares by TML Financial Services Limited to Tata Capital Limited pursuant to a deed of adherence dated February 26, 2008
	Purchase of 39,919 equity shares of the Company by Tata Capital Limited pursuant to a Share sale and purchase and Shareholders Agreement dated July 31, 2008
2011	Incorporation of our wholly owned subsidiary 'PCL (Shanghai) Company Limited' in China
2012	Signed a joint venture agreement with Shenglong Automotive Powertrain Company Limited, China for setting up a camshaft machining facility in China
2013	Signed a joint venture agreement with Shenglong Automotive Powertrain Company Limited, China and ZMM Technology Limited, to set up a Foundry for manufacturing 4,000,000 camshaft castings per annum at Huzhou in China
	Transfer of 80,394 equity shares by Tata Capital Limited and therefore exit from our Company
2014	An exclusive agreement with EMAG, a German machining and tooling process company, for

Calendar year	Event
	transfer of certain know-how and technology for manufacturing of assembled camshafts

Major Capacity Expansions

EOU Unit

Calendar year	Major expansions in Foundry Facility	Major expansions in Machine Shop
2001	Foundry installed with a capacity of 1,800,000 camshaft castings per year	-
2006	Capacity of the foundry enhanced to 2,000,000 camshaft castings per year	-
2008	Capacity of the foundry enhanced to 4,800,000 camshaft castings per year	-
2009	-	Machine shop installed with a capacity of 360,000 machined camshafts per year
2010	Capacity of the foundry enhanced to 5,000,000 camshaft castings per year	-
2011	Capacity of the foundry enhanced to 8,400,000 camshaft castings per year	Capacity of the machine shop enhanced to 660,000 machined camshafts per year
2013	Capacity of the foundry enhanced to 12,000,000 camshaft castings per year	Capacity of the machine shop enhanced to 1,860,000 machined camshafts per year

Domestic Unit

Calendar year	Major expansions in Foundry Facility	Major expansions in Machine Shop
1995	-	Machine shop installed with a capacity of 120,000 machined camshafts per year
1996	Foundry installed with a capacity of 360,000 camshaft castings per year	-
1998	-	Capacity of the machine shop enhanced to 180,000 machined camshafts per year
1999	Capacity of the foundry enhanced to 400,000 camshaft castings per year	Capacity of the machine shop enhanced to 202,000 machined camshafts per year
2000	-	Capacity of the machine shop enhanced to 300,000 machined camshafts per year
2001	Capacity of the foundry enhanced to 408,000 camshaft castings per year	-
2005	Capacity of the foundry enhanced to 1,000,000 camshaft castings per year	Capacity of the machine shop enhanced to 480,000 machined camshafts per year
2009	-	Machine shop with a capacity of 360,000 machined camshafts per year*
2011	Capacity of the foundry enhanced to 1,380,000 camshaft castings per year	-

** Capacity decreased from 480,000 machined camshafts in the year 2005 to 360,000 machined camshafts in the year 2009 due to higher production of locomotive camshafts.*

For details of raising of capital by our Company, see "***Capital Structure***" on page 67.

Awards, certifications and recognitions

Calendar year	Event
2007	Received 'Indian Exporters Excellence Award' from Dun and Bradstreet India
	Received 'India Western Region Award' from Export Promotion Council of India
2008	Received 'Excellence in Export Award' in general category by DHL - CNBC TV18
	Received 'Award for Outstanding Exporter in Engineering Category' by DHL - CNBC TV18
	Received 'Indian Exporters Excellence Award' from Dun and Bradstreet India – Export Credit Guarantee Corporation of India Limited for being the winner in the engineering goods sector under the small exporters category
	Granted membership with Dun and Bradstreet
	Received 'Customer Relationship Award' from Tata Capital Limited

Calendar year	Event
	Received 'Indian Exporters Excellence Award' from Dun and Bradstreet India – Export Credit Guarantee Corporation of India Limited in small exporters category
2009	Received 'Excellence in Exports Award' in silver category by Automotive Component Manufacturers Association of India
2010	Received 'Excellence in Exports Award' in gold category by Automotive Component Manufacturers Association of India
2011	Received 'JRD Tata Udyog Ratna Award' by Maharashtra Rajya Audyogik Vikas Parishad
2013	BS OHSAS 18001:2007 certification issued by TUV SUD Management Service GmbH
	ISO 14001:2004 certification issued by TUV SUD Management Service GmbH
	Received ISO / TS 16949 : 2002 certification issued by TUV SUD Management Service GmbH
	Received ISO/TS 16949:2009 certification issued by TUV SUD Management Service GmbH
	Granted Automotive Component Manufacturers Association of India Membership
2014	Received 'Pitstop Overall Performance Award' by Maruti Suzuki
2015	Received 'Best Overall Exporter Award' from Dun and Bradstreet India – Export Credit Guarantee Corporation of India Limited Indian Exporters' Excellence Awards under the medium exporters category
	Received 'Best Manufacturer Exporter Award' from Dun and Bradstreet India – Export Credit Guarantee Corporation of India Limited Indian Exporters' Excellence Awards under the medium exporters category

Our Main Object

The main object of our Company as contained in our Memorandum of Association is as follows:

To carry on import, export, manufacturing of fully machined camshafts, crank shafts, connecting rods, industrial chains, automotive chains, transmission roller chains, heavy duty chains for shovel and excavators, elevator chains, conveyor chains, bicycle chains, chain adjusters, chain for building construction equipment, and chains for all kinds of carriages and all other vehicles.

Changes in Memorandum of Association

Since our incorporation, the following changes have been made to the Memorandum of Association:

Date of Amendment/Shareholders Resolution	Amendment
June 21, 1997	Our Company was converted from a private limited company to a public limited company; thereby the name was changed from 'Precision Camshafts Private Limited' to 'Precision Camshafts Limited'
September 9, 2006	The authorized share capital of our Company of ₹ 41,000,000.00 divided into 375,000 equity shares and 35,000 Redeemable Preference Shares of ₹ 100.00 each, was reclassified to ₹ 100,000,000.00 divided into 375,000 equity shares and 625,000 Redeemable Cumulative Preference Shares of ₹ 100.00.
July 19, 2007	The authorized share capital of our Company of ₹ 100,000,000.00 divided into 375,000 equity shares and 625,000 Redeemable Preference Shares of ₹ 100.00 each, was further reclassified to ₹ 250,000,000.00 divided into 375,000 equity shares and 2,125,000 Redeemable Cumulative Preference Shares of ₹ 100.00.
March 27, 2008	The authorized share capital of our Company of ₹ 250,000,000.00 divided into 375,000 equity shares and 2,125,000, Redeemable Preference Shares of ₹ 100.00 each, was further reclassified to ₹ 290,000,000.00 divided into 775,000 equity shares and 2,125,000 Redeemable Cumulative Preference Shares of ₹ 100.00 pursuant to the High Court order approving the scheme of merger between Precision Valvertrain Private Limited and our Company.
December 30, 2014	The authorized share capital of our Company of ₹ 290,000,000.00 divided into 775,000 equity shares and 2,125,000 Redeemable Cumulative Preference Shares of ₹ 100.00 each, was reclassified to ₹ 1000,000,000.00 divided into 100,00,000 equity shares of ₹ 100.00.

Injunction or restraining order

Our Company is not operating under any injunction or restraining order as of the date of this Draft Red Herring Prospectus.

Capital raising activities through equity and debt

See "***Capital Structure***" on page 67 for details of issuances of our Equity Shares. See "***Financial Indebtedness***" on page 302 for details of the debt facilities of our Company.

Changes in the activities of our Company during the last five years

There have been no changes in the activities of our Company during the last five years which may have had a material effect on the profits and loss account of our Company including discontinuance of lines of business, loss of agencies or markets and similar factors.

Defaults or rescheduling of borrowings with financial institutions/banks and conversion of loans into equity

There have been no defaults or rescheduling of borrowings with financial institutions or banks. Further, none of our loans have been converted into Equity Shares.

Lock outs and strikes

Some of our workers had discontinued work on November 14, 2013 and resumed work only on November 15, 2013 resulting in loss of production to our Company due to alleged non payment of wages on time. Subsequently, our Company filed a complaint on February 10, 2014 in the Labour Court, Solapur, under Section 25 of the Maharashtra Recognised Trade Union and Unfair Labour Practices Act, 1971 against such workers. For more information, see – "***Outstanding Litigation and Material Developments*"** on page 306. Except as stated hereinabove, our Company has not, until date, faced any strikes or lock-outs.

Time and cost overruns

Our Company had installed a foundry (Foundry no. 4) and expanded machine shop (Machine shop no. 2) at our EOU unit, Solapur, Maharashtra in the year 2013. For the purpose of such expansion, our Company was required to import certain machinery from Japan. Due to an increase in the exchange rate resulting in an escalation of the price of such machinery than the estimated cost, our Company was required to borrow an additional amount of ₹ 200.00 million in August, 2013. Except as stated hereinabove, there has been no time or cost overrun in the setting up of any of our manufacturing facilities of our Company.

Acquisition of business/undertakings, mergers, amalgamations, revaluation of assets

Scheme of Amalgamation of PVPL with our Company

Our Company and PVPL, a wholly owned subsidiary of our Company filed a scheme of arrangement (Company Petition No. 947 of 2007 connected with Company Application No. 1234 of 2007) before the High Court of Judicature at Bombay for its approval, under sections 391 to 394 of the Companies Act 1956 ("**PVPL Amalgamation Scheme**"). The PVPL Amalgamation Scheme was sanctioned by the High Court of Judicature at Bombay pursuant to an order dated February 1, 2008 which was subsequently filed before the RoC on March 27, 2008, its effective date.

The salient features of the PVPL Amalgamation Scheme are as follows:

(i) The entire business and whole of undertaking of PVPL including all the debts, liabilities, duties and obligations of every description, and also including, without limitation, all its movable and immovable properties and assets were, subject to the charges affecting them, transferred and vested in our Company on a going concern basis;

(ii) The benefit of all statutory and regulatory permissions, factory licenses, environmental approvals and consents, sales tax registrations or other licenses and consents were vested in and became available to our Company;

(iii) As the entire equity share capital of PVPL was held by our Company, upon the scheme becoming effective, the equity share capital of PVPL was cancelled and there was no issue or allotment of shares into our Company;

(iv) Upon the scheme becoming effective, the authorised equity share capital of our Company was ₹

290,000,000.00 divided into 775,000 equity shares of ₹ 100.00 each and 2,125,000 optionally convertible cumulative redeemable preference shares of ₹ 100.00 each;

(v) All legal proceedings by or against PVPL pending and/or arising at April 1, 2007, the appointed date of the PVPL Amalgamation Scheme, as on the effective date were not to be abated or discontinued or be in any way prejudicially affected but were continued and enforced by or against our Company in the manner and to the same extent as would or might have continued or enforced by or against PVPL;

(vi) All contracts, deeds, bonds, agreements and other instruments of whatsoever nature to which PVPL was a party immediately before such amalgamation, were in force and effect against or in favour of our Company and were fully enforced and effective as if our Company was a party to such contracts, deeds, bonds, agreements instead of PVPL;

(vii) All staff, workmen and employees of PVPL, who were in service on the date immediately preceding the effective date, pursuant to the PVPL Amalgamation Scheme becoming effective, became staff, workmen and employees of our Company, without any break or interruption in their services on the same terms and conditions on which they were engaged by PVPL;

(viii) PVPL was dissolved without being wound upon the scheme becoming effective;

(ix) Upon the scheme becoming effective, our Company purchased 82,722 equity shares held by TML Financial Services Limited ("**TMLFSL**") for a total consideration of ₹ 234,999,960.00. Such consideration for the purchase of shares was discharged by issuing 1,807,692 preference shares of ₹ 100.00 each at a premium of ₹ 30.00 per share to TMLFSL.

Scheme of Amalgamation of PSL with our Company

Our Company and PSL filed a scheme of arrangement (Company Petition No. 715 of 1998 connected with Company Application No. 702 of 1997) before the High Court of Judicature at Bombay for its approval, under sections 391 to 394 of the Companies Act 1956 ("**PSL Amalgamation Scheme**"). The PSL Amalgamation Scheme was sanctioned by the High Court of Judicature at Bombay pursuant to an order dated February 11, 1999 which was subsequently filed before the RoC on July 21, 1999, its effective date.

The salient features of the PSL Amalgamation Scheme are as follows:

(i) The entire business and undertaking of PSL including all the movable and immovable assets, capital work in progress, current assets, investments and liabilities and all other interest in the ownership, possession and control of PSL were transferred and vested in our Company on a going concern basis;

(ii) The assets movable in nature or otherwise capable of transfer by mutual delivery or by endorsement and delivery were transferred by PSL and became the property of our Company;

(iii) All the duties, liabilities and obligations of PSL were transferred, without any instrument or deed, to our Company pursuant to such amalgamation;

(iv) All suits, actions and proceedings by or against PSL pending or arising on or before the effective date of the PSL Amalgamation scheme, were continued and enforced by or against our Company as if effectively such suits, actions and proceedings had been pending by or against our Company;

(v) All contracts, deeds, bonds, agreements, arrangements and other instruments of whatsoever nature to which PSL was a party immediately before such amalgamation, were in force and effect against or in favour of our Company and were fully enforced and effective as if our Company was a party to such contracts, deeds, bonds, agreements instead of PSL;

(vi) The profits and losses incurred by PSL up to the effective date of PSL Amalgamation Scheme, were accounted for and assessed for taxes separately in PSL's own name, and any setoffs or any reliefs under various tax laws were availed by the respective companies and post such PSL Amalgamation Scheme, such setoffs and reliefs were transferred to our Company;

(vii) The reserves of PSL were transferred to our Company as they appeared in the financial statements of PSL;

(viii) The shareholders of PSL surrendered their share certificates for cancellation to our Company. Upon new shares being issued and allotted by our Company to the eligible shareholders of PSL whose name appeared in the register of members of PSL, the share certificates in relation to shares held by them in PSL were automatically cancelled;

(ix) All employees of PSL in service on the date of PSL Amalgamation Scheme became employees of our Company without any break or interruption in service and on similar terms and conditions as those subsisting during their employment with PSL;

(x) In relation to the provident fund, gratuity fund, super annuation fund or any other special fund or scheme created or existing in favour of the employees of PSL, upon the coming into effect of the PSL

Amalgamation Scheme, PSL was substituted by our Company without such amalgamation having any effect on the such benefits for the employees;

(xi) Upon the PSL Amalgamation Scheme becoming effective, our Company allotted 131901 equity shares of ₹ 100.00 each thereby increasing the paid up equity share capital of our Company to ₹ 35,931,100.00 divided into 359,311 equity shares of ₹ 100.00 each.

Holding Company

As of the date of this Draft Red Herring Prospectus, our Company does not have a holding company.

Our Subsidiary

Our Company has one Subsidiary as at the date of this Draft Red Herring Prospectus.

1. ***PCL (Shanghai) Company Limited ("PCLSCL")***

PCLSCL was incorporated under the laws of People's Republic of China in the year 2011. Its business license number is 310115400266034 and its registered office is located at Room 835,333 Jing Gang Road, Jin Qiao, Pu Dong New Area, Shanghai. PCLSCL is currently engaged in the business of import, export, wholesale of camshafts and acting as a commissioning agency.

The total permitted investment of PCLSCL is USD 410,000.00 and its registered capital is USD 230,000.00. Our Company directly holds 100% of the issued, subscribed and paid-up share capital of PCLSCL.

There are no accumulated profits or losses of our Subsidiary not accounted for by our Company in the Restated Consolidated Financial Statements.

Further, none of our promoters, members of our Promoter Group or our Directors and their relatives have sold or purchased securities of our Subsidiary during the six months preceding the date of this Draft Red Herring Prospectus.

Profit-making Subsidiary

We confirm that our Subsidiary, PCLSCL has not contributed more than 5% of the revenue, profits or assets of the Company on a consolidated basis in fiscal 2014 and for the six month period ended on September 30, 2014.

Our Joint Ventures

Our Company has two operational Joint Ventures (i.e., where the joint venture companies have been incorporated and capitalized, in part, by our Company), as at the date of this Draft Red Herring Prospectus. Details of our joint venture companies are set forth hereunder.

1. ***Ningbo Shenglong PCL Camshafts Company Limited ("NSPCCL")***

Our Company signed a joint venture agreement dated February 11, 2012 with Ningbo Shenglong Powertrain Company Limited ("**NSPCL**"), a limited liability company, for setting up a camshaft machining facility in China. ZMM Technology Limited ("**ZMM**") was added to the JV agreement as a third partner pursuant to an amendment agreement dated July 15, 2014. The corporate business license number of NSPCCL is 330200400072744 and its registered office is situated at 788, Jinda Road, Yinzhou Investment Business Incubation, Ningbo, China. NSPCCL is currently engaged in the business of production, operation and management of camshafts. Currently, it has a capacity of manufacturing 45,000 camshafts per month.

Investment and registered capital: The total permitted investment of NSPCCL is USD 2,380,000.00 and its registered capital is USD 1,666,700.00. Our Company has contributed USD 375,000.00 in NSPCCL, NSPCL has contributed USD 1,250,000.00 and ZMM has contributed USD 41,700.00 which, in aggregate, is equivalent to 22.5%, 75% and 2.5% respectively of its issued, subscribed and paid-up share capital.

Establishment and term: NSPCCL was established with effect from February 1, 2012 in accordance with the laws of the People's Republic of China. It is a limited liability company and its term is for a period of 10 years from the date of issuance of business license by the State Administration for Industry and Commerce ("**SAIC**") unless extended subject to approval by the board and the Examination and Approval Authority ("**EAA**").

Purpose and scope of business: NSPCCL has been set up for the production, operation and management of the three projects Fox, Gasoline Turbo Direct Injection and Sigma, and as well as future projects as agreed by the joint venture partners. Our Company is required to supply raw materials to NSPCCL at a price as agreed upon by the NSPCCL and the Construction Financial Management Association ("**CFMA**").

Non Compete obligation: NSPCCL has undertaken not to compete with our Company outside the China market without prior written consent for the same from our Company. It also undertakes not to compete with the camshaft business of NSPCL nor shall it compete with NSPCCL. Moreover, our Company and NSPCL have also undertaken not to compete with NSPCCL in the China Market either directly or through their respective promoters.

Transfer of shares: Any transfer of shares among the parties is required to be approved by the EAA and thereafter registered with SAIC. In case of transfer of shares by a party to its affiliate, due to restructuring of that party, such transfer is required to be affected only upon the approval of that party's appointed directors to the board as well as the EAA and shall have to be registered with SAIC.

Right of First Refusal: Any joint venture partner willing to sell its shares in NSPCCL is required to offer them to the other joint venture partners first before offering to any third parties. In case the other joint venture partner(s) accepts such offer, then the selling partner is required to sell the shares to it at terms no less favorable than those offered to any third parties. In case the other joint venture partner(s) rejects this offer, the selling joint venture partner is then entitled to sell its shares to third parties. The parties have undertaken not to assign, transfer or sell their shares in NSPCCL except in accordance with the terms regarding transfer of shares provided in the joint venture agreement or as otherwise agreed upon by the other parties in writing.

Tag along rights: If NSPCL proposes to sell any or all of its tag along shares to a third party, then our Company and ZMM will have the right but not the obligation to require the third party to purchase pro rata, its shares along with the tag along shares, for the same consideration per share and upon the same terms and conditions. However, in the event the tag along shares constitute 51% or more of NSPCCL's paid up share capital, our Company and ZMM will have the right but not the obligation to require the third party to purchase our Company's and ZMM's shareholding in the NSPCCL along with the tag along shares.

Distribution of profits: NSPCCL is obligated to allocate to the statutory common reserve every year an amount which shall be no less that 10% of its after tax profits and which may be stopped if the accumulated reserve has attained 50% of the registered capital. In case of outstanding liabilities from previous years, the profits are required to be allocated to cover those first. Any balance left, after settlement of previous losses (if any) and allocation to the statutory reserve, is then to be distributed among the parties, according to their equity ratio, upon the decision of the board. Profits retained from previous years may be distributed with current year's profits.

Board of directors and management: The board of directors of NSPCCL includes six directors including a chairman and a vice chairman, wherein each director is appointed for an initial term of three years. NSPCL has a right to appoint four directors including the chairman whereas our Company and ZMM have the right to appoint one director each including the vice chairman. NSPCCL's management comprises of a general manager, a finance manager and an engineer manager. The general manager and the finance manager are nominated by NSPCL with approval of the board. In addition, an engineer manager is nominated by our Company in the first three years and after that, is required to be nominated by our Company and ZMM with approval of the board. The term of these members is decided by the board.

Consents of the board in certain matters: According to the terms prescribed in the joint venture agreement, certain matters are required to only be decided by the board of directors, comprising of nominees of the three parties. These include:

(i) Alteration in registered share capital;
(ii) Alteration in the articles of association or any changes in the nature of scope of business;
(iii) Merger or split of NSPCCL or founding of a subsidiary;

(iv) Sale or transfer of any single property of NSPCCL valued above 500,000 Yuan, whether tangible or non-tangible but excluding current assets, as well as borrowing or granting any loans to NSPCCL;
(v) Approval of the NSPCCL's annual business plan, liquidation plan, budget or finance plan including basic management policies such as marketing or alteration of organizational structure;
(vi) Sale or transfer of shares or holdings in other legal entities as well as purchase of fixed assets valued above RMB 200,000;
(vii) Decision on members of management such as chief executive officer, general manager, engineer manager, financial manager and human resource manager including matters regarding their remuneration, terms of employment and dismissal; and
(viii) Decisions concerning termination, dissolution or liquidation of NSPCCL or suspension of its operational activities.

Confidentiality: According to the terms mentioned in the joint venture agreement, the NSPCL, ZMM and our Company agree to keep all information, documents and records concerning such joint venture company whether obtained on or before the signing the joint venture agreement, strictly confidential and not disclose such information to any person except their directors, officers, employees, agents or other professionals who need to know such information to perform their duties. Additionally, it has also been agreed that any public disclosure of the establishment of the joint venture shall be made only upon mutual prior consent of all the parties to the joint venture agreement.

*Termination***:** This joint venture agreement may be terminated in the following circumstances:

1. Expiry of the term and non-extension of the such term by the parties;
2. By way of written agreement by the parties upon approval by the EAA;
3. Unilaterally by any party after written notice to other parties and upon approval by the EAA if the other party has failed to provide contribution to the registered capital, one of the JV parties become bankrupt or are unable to carry on business due to certain reasons including government expropriation, there is change of law, continued losses, material breach by party(s) including fraud, and force majeure; or;
4. Any party suffering from a significant change of control in the ownership of such party.

Further, our Company entered into a technology support agreement dated February 10, 2012 with NSPCCL for providing technical support to NSPCCL for the design, development, manufacture, sale and service, machining and equipment selection and also to provide training to the technical staff of NSPCCL.

2. ***PCL Shenglong (Huzhou) Specialized Casting Company Limited ("PSSCCL")***

Our Company signed another joint venture agreement dated September 25, 2013 with NSPCL and ZMM for setting up foundry shop in Huzhou, China. Its corporate business license number is 330500400018310 and its registered office is situated at No. 131, Renmin North Road, Linhu Town, Nanxin District, Huzhou City, China. PSSCCL is proposed to engage in the business of manufacturing, selling, marketing, distributing, importing and exporting camshafts and other components and other specialized casting components. In the first phase, it is proposed to have a capacity to produce 4,000,000 camshafts per year and in the second phase, a capacity to produce 8,000,000 camshafts per year by early 2017.

Investment and registered capital: The total permitted investment of PSSCCL is USD 22,000,000.00 and its registered capital is USD 8,800,000.00 which shall be contributed in two phases of USD 4,400,000.00 each. In the first phase, our Company is required to contribute USD 1,760,000.00, NSPCL is required to contribute USD 2,310,000.00 and ZMM is required to contribute USD 330,000.00 in PSSCCL which, in aggregate, will be equivalent to 40%, 52.5% and 7.5% respectively of its issued, subscribed and paid-up share capital in respect of the first phase contribution. In the second phase, our Company is required to contribute USD 1,760,000.00, NSPCL is required to contribute USD 2,310,000.00 and ZMM is required to contribute USD 330,000.00 which, in aggregate, is equivalent to 40%, 52.5% and 7.5% respectively of its issued, subscribed and paid-up share capital in relation to the second phase contribution.

Establishment and term: PSSCCL was established with effect from September 25, 2013. It is a limited liability company and its term is for a period of 20 years from the date of issuance of business license which may be extended subject to approval by the Board and the EAA.

Purpose and scope of business: PSSCCL has been set up for manufacture, marketing, sale and distribution of specialized castings and chilled cast iron camshafts primarily for the Chinese market including provision for after-sale services. It may export or sell its products in other markets as well subject to its non-compete obligations.

Non-compete obligation: PSSCCL undertakes not to compete with our Company outside the China market without prior written consent from our Company. It shall not compete with the camshaft business of NSPCL nor shall it compete with NSPCCL. Moreover, neither our Company nor NSPCL shall compete with PSSCCL in the China market either directly or through their respective promoters.

Transfer of shares: Any transfer of shares among the joint venture parties is required to be approved by the EAA and thereafter registered with SAIC. In case of transfer of shares by a joint venture partner to its affiliate, due to restructuring of that partner, such transfer is required to be affected only upon the approval of that partner's appointed directors to the board as well as the EEA and is required to be registered with SAIC.

Joint venture partners willing to sell their shares in PSSCCL shall offer them to the other joint venture partners first before offering to any third parties. In case the other partner(s) accepts such offer, then the selling partner shall sell the shares to it at terms no less favorable than those offered to any third parties. In case the other partner(s) rejects this offer, the selling partner shall is free to sell its shares to third parties. The joint venture partners shall not assign, transfer or sell their shares in PSSCCL except in accordance with the terms regarding transfer of shares given in the joint venture agreement or as otherwise agreed to by the other partners in writing.

Tag along rights: If NSPCL proposes to sell any or all of its tag along shares to a third party, then our Company and ZMM have a right but not the obligation to require the third party to purchase pro rata, its shares along with the tag along shares, for the same consideration per share and upon the same terms and conditions. However, in the event the tag along shares constitute 51% or more of PSSCCL's paid up share capital, our Company and ZMM will have the right but not the obligation to require the third party to purchase our Company's and ZMM's shareholding in PSSCCL along with the tag along shares.

Distribution of profits: PSSCCL is obligated to allocate to the statutory common reserve every year an amount which shall be no less that 10% of its after tax profits and which may be stopped if the accumulated reserve has attained 50% of the registered capital. In case of outstanding liabilities from previous years, the profits are required to be allocated to cover those first. Any balance left, after settlement of previous losses (if any) and allocation to the statutory reserve, is required to be distributed among the parties, according to their equity ratio, upon the decision of the board. Profits retained from previous years may be distributed with current year's profits.

Board of directors and management: The board of directors of PSSCCL constitutes five directors including a chairman and a vice chairman, wherein each director is appointed for an initial term of three years. NSPCL is required to appoint three directors including the chairman whereas our Company and ZMM are required to appoint the other two directors including the vice chairman. PSSCCL's management comprises of a general manager, a finance manager and a human resource manager who are nominated by NSPCL with approval of the board. In addition, an engineer manager is nominated by our Company and ZMM with approval of the board. The term of these members is decided by the board.

Consents of the board in certain matters: According to the terms prescribed in the joint venture agreement, certain matters are required to be decided only by the board of directors, comprising of nominees of the three parties. These include:

(i) Change in registered share capital;
(ii) Changes in the articles of association or any changes in the nature of scope of business;
(iii) Merger or split of PSSCCL or founding of a subsidiary;
(iv) Sale or transfer of any single property of PSSCCL valued above 500,000 Yuan, whether tangible or non-tangible but excluding current assets, as well as borrowing or granting any loans to PSSCCL;
(v) Approval of the PSSCCL's annual business plan, liquidation plan, budget or finance plan including basic management policies such as marketing or alteration of organizational structure;
(vi) Sale or transfer of shares or holdings in other legal entities as well as purchase of fixed assets valued above RMB 200,000;

(vii) Decision on members of management such as chief executive officer, general manager, engineer manager, financial manager and human resource manager including matters regarding their remuneration, terms of employment and dismissal; and
(viii) Decisions concerning termination, dissolution or liquidation of PSSCCL or suspension of its operational activities.

Confidentiality: According to the terms mentioned in the joint venture agreement, NSPCL, ZMM and our Company agree to keep all information, documents and records concerning such joint venture company whether obtained on or before the signing the joint venture agreement, strictly confidential and not disclose such information to any person except their directors, officers, employees, agents or other professionals who need to know such information to perform their duties. Additionally, it has also been agreed that any public disclosure of the establishment of the joint venture shall be made only upon mutual prior consent of all the parties to the joint venture agreement.

*Termination***:** This joint venture agreement may be terminated in the following circumstances:

1. Expiry of the joint venture term and non-extension of such term by the parties;
2. By way of written agreement by the parties upon approval by the EAA;
3. Unilaterally by any party after written notice to other parties and upon approval by the EAA if the other party has failed to provide contribution to the registered capital, one of the parties becomes bankrupt or is unable to carry on business due to certain reasons including government expropriation, there is change of law, continued losses, material breach by party(s) including fraud, and force majeure; or
4. Any party suffering from a significant change of control in the ownership of such party.

Further, our Company entered into a technology support and transfer agreement dated December 31, 2013 with PSSCCL for providing intellectual support and transfer related to technologies, including but not limited to the engineering, drawing, design and process. An advance payment of 250,000 Euros (including taxes) is to be paid by PSSCCL to our Company immediately after capital contribution is in place in PSSCCL. The rest of the payment would be paid based on the actual sales within the agreed time period in respect of the projects to be undertaken.

Material Agreements

Agreement between our Company and EMAG Holding GmbH, EMAG Automation GmbH and EMAG India Private Limited ("EMAG")

Our Company entered into an exclusive agreement with EMAG on May 5, 2014 to jointly co-operate in the field of 'Thermal Shrink Fit Process' for camshafts on the basis of EMAG patent EP 1 392 469 B1. This agreement is applicable to shrink fit equipment to manufacture camshafts for in-line 3, 4 and 6 cylinder as well as V6 and V8 cylinder combustion engines with a maximum product length of up to 600 millimeters. Engines for trucks, construction equipment and other non-automotive application are excluded from this agreement.

Obligations of EMAG: The obligations of EMAG are as mentioned below.

(i) To assist in the development of an automated CNC based shrink fit equipment for camshafts;
(ii) To transfer process know-how to our Company by way of training programs; our Company will have the opportunity to send one of its employee on a long-term basis to EMAG;
(iii) To carry out trials or manufacture prototype at their Heuback plant in Germany;
(iv) To license the newly developed CNC-based shrink fit equipment free of charge exclusively to our Company;
(v) Not to supply any of the newly developed CNC-based shrink fit equipment to any of the other camshaft manufacturers until December 31, 2019; and
(vi) To update our Company about the status of the development of machines on a regular basis.

Obligations of our Company: The obligations of our Company are as mentioned below.

(i) To develop a technical specification in co-operation with EMAG for such CNC-based shrink fit equipment;
(ii) To provide parts for prototype assembly free of charge;

(iii) To purchase five new shrink fit as per the plan approved between the parties to the agreement; and
(iv) To update EMAG about all technological relevant developments in the field of assembled camshafts.

Improvements: EMAG, during the existence of such agreement, is to be the owner of any development, modification and/or improvement of the contract products. EMAG has granted our Company an exclusive non-transferrable license of such development, modification and/or improvement limited until December 31, 2019. Our Company is not entitled to transfer the license to any third party, unless such approval is given by EMAG in written form.

Termination: Breach of confidentiality is considered as a gross violation of the agreement and may lead to termination of all mutual agreements between the parties.

Term: This agreement is valid until December 31, 2019.

Strategic Partners

Except as disclosed above in "- ***Material Agreements***" at page 151 hereinabove, as of the date of this Draft Red Herring Prospectus, our Company does not have any strategic or financial partners.

Other Material Agreements

Except as disclosed above, as at the date of this Draft Red Herring Prospectus, our Company is not a party to any material agreements, which have not been entered into in the ordinary course of business.

OUR MANAGEMENT

Our Articles of Association enables us to have upto 15 Directors of which, at least fifty per cent shall be Non-Executive directors. As of the date of this Draft Red Herring Prospectus, we have eight Directors on our Board, comprising three Executive Directors, four Independent Directors and one Non-Executive Non-Independent Director. Our Board includes one woman director as on the date of this Draft Red Herring Prospectus.

Set forth below are details regarding our Board as on the date of this Draft Red Herring Prospectus.

S no.	Name, Designation, Occupation, Term and DIN	Age (years)	Address	Other Directorships
1.	**Mr. Yatin Shah** **Designation**: Chairman and Managing Director **Occupation**: Entrepreneur **Term**: Five years with effect from April 1, 2012 **DIN**:00318140	53	51, Sarvodaya Housing Society, Hotgi Road, Solapur 413 003, Maharashtra India	• PCL (Shanghai) Co. Limited; • Ningbo Shenglong PCL Camshafts Company Limited; • Cams Technology Limited; and • PCL Shenglong (HUZHOU) Specialized Casting Company Limited.
2.	**Dr. Suhasini Shah** **Designation**: Whole- time Director **Occupation**: Professional **Term**: Five years with effect from April 1, 2014; liable to retire by rotation **DIN**:02168705	49	51, Sarvodaya Housing Society, Hotgi Road, Solapur 413 003, Maharashtra India	• Chitale Clinic Private Limited; • PCL (Shanghai) Co. Limited; and • Cams Technology Limited.
3.	**Mr. Ravindra Rangnath Joshi** **Designation**: Whole- time Director **Occupation**: Professional **Term**: Five years with effect from April 1, 2014; liable to retire by rotation **DIN**: 03338134	50	17 Model Colony, Jule, Solapur 413 004, Maharashtra India	• Cams Technology Limited.
4.	**Mr. Jayant Aradhye** **Designation:** Non-Executive Non-Independent Director **Occupation:** Professional **Term:** Appointed on September 29, 2012; Liable to retire by rotation **DIN:** 00409341	73	8389/2B Onkar, Railway Lines, Solapur 413 001, Maharashtra India	Nil
5.	**Mr. Sarvesh Joshi** **Designation:** Independent Director	54	26 Flat No. 12 Harinandan Bunglow, 9th Lane, Dahanukar	Nil

S no.	Name, Designation, Occupation, Term and DIN	Age (years)	Address	Other Directorships
	Occupation: Professional **Term:** September 30, 2014 until the Annual General Meeting of 2015 **DIN:** 03264981		Colony, Kothrud, Pune 411 029, Maharashtra India	
6.	**Mr. Pramod Mehendale** **Designation**: Independent Director **Occupation**: Professional **Term**: December 30, 2014 until the Annual General Meeting of 2016 **DIN**: 00026884	57	501, Victoria Classic, Off P. Kheraj Road, Mulund (W) 400 080, Maharashtra India	Nil
7.	**Mr. Vedant Pujari** **Designation:** Independent Director **Occupation:** Professional **Term:** December 30, 2014 until the Annual General Meeting of 2016 **DIN:** 07032764	36	H. No. 210, Pocket-8, Sarita Vihar, New Delhi, 110 076, India	Nil
8	**Mr. Vaibhav Mahajani** **Designation:** Additional Independent Director* **Occupation:** Professional **Term:** February 17, 2015 until the next Annual General Meeting. **DIN:** 00304851	38	Flat No.4, Dhanlaxmi Apartment, Karvenagar, Pune 411 052 Maharashtra India	• Network Integrators (India) Private Limited

**Pursuant to a resolution passed by our Board of Directors on February 17, 2015, Mr. Vaibhav Mahajani was appointed as an additional Independent Director and his appointment will be regularized at the next annual general meeting of our Company.*

All our Directors are Indian nationals. Further, except Mr. Yatin Shah who is the husband of Dr. Suhasini Shah, none of our Directors are related to each other.

Brief Profile of our Directors

Mr. Yatin Shah, aged 53 years, is our Chairman and Managing Director and a Promoter of our Company. He holds a bachelor's degree in commerce from Bombay University and a master's degree in business administration from Pune University. He has over 23 years of experience in the auto component manufacturing sector. He has been a Director on our Board since incorporation and was last re-appointed as the Chairman and Managing Director of our Company with effect from April 1, 2012.

He has received various awards, including J. R.D. Tata Udyog Ratna Award instituted by Maharashtra Audyogik Vikas Parishad, Pune in 2011.

Dr. Suhasini Shah, aged 49 years, is a Whole Time Director and the head of the legal department of our Company. She holds a bachelor's degree in law, a bachelor's degree in medicine and a bachelor's degree in surgery from Shivaji University. She has a post-graduate diploma in medico-legal systems from the Symbiosis Centre of Health Care and has participated in an executive education programme on small and medium enterprises at Indian Institute of Management, Ahmedabad. She has over 23 years of work experience in management. She has been the head of our Legal Department since 1996 and was a founder trustee of Precision Foundation. She joined our Board on May 19, 2012.

Mr. Ravindra Ranganath Joshi, aged 50 years, is our Whole Time Director and Chief Financial Officer. He holds a bachelor's degree in commerce from Bangalore University and a diploma in Business Management from Shivaji University. He has 28 years of experience in field of finance, having previously been associated with Chetan Foundries Limited, Chetan Fettle N' Clean and Chetan Industrial Corporation. He joined our Board on September 30, 2010 and was last re-appointed on September 30, 2014.

Mr. Jayant Aradhye, aged 73 years, is a Non-Executive Non-Independent Director on the Board of our Company. He holds a bachelor's degree in metallurgic engineering from the University of Pune and a bachelor's degree in mechanical engineering from Marathwada University. He joined our Board on July 2, 1992 and was last re-appointed on September 29, 2012.

Mr. Sarvesh Joshi, aged 54 years, is our Independent Director. He holds a bachelor's degree in law and a bachelor's degree in commerce from the University of Pune. He is a certified member of the Institute of Chartered Accountants of India and has been a practicing Chartered Accountant for over 27 years. He joined our Board on August 31, 2013 and was last re-appointed on September 30, 2014.

Mr. Pramod Mehendale, aged 57 years, is our Independent Director. He holds a bachelor's degree in commerce from Bombay University and is a fellow of the Institute of Company Secretaries of India. He holds a certificate of merit from the Institute of Cost and Work Accountants of India. He is the founder and a former director of Link Intime Private Limited. He joined our Board on December 30, 2014.

Mr. Vedant Pujari, aged 36 years, is our Independent Director. He holds a bachelor's degree in commerce from Nagpur University, a bachelor's degree in law from the University of Pune and a diploma in corporate laws from Indian Law Society Pune. He is a member of the Delhi High Court Bar Association. He has previously been associated with Clairvolex Knowledge Processes Private Limited. He joined our Board on December 30, 2014.

Mr. Vaibhav Mahajani, aged 38 years, is our Additional Independent Director. He holds a bachelors degree in electronics engineering from Dnyaneshwar Vidyapeeth and has been certified by the ISACA, Pune as an Information Security Manager. He has a Foundation Certificate in IT Service Management from the Examination Institute for Information Science. He joined our Board on February 17, 2015.

Further Confirmations

None of our Directors is or was a director of any listed companies during the five years immediately preceding the date of filing of this Draft Red Herring Prospectus and until date, whose shares have been or were suspended from being traded on any stock exchange during the term of their directorship in such companies.

None of our Directors is or was a director on any listed companies which have been or were delisted from any stock exchange during the term of their directorship in such companies.

Compensation of our Directors

Set forth below is the remuneration paid by our Company to our Directors in fiscal 2014.

S. No.	Name of Director	Remuneration paid in fiscal 2014 (in ₹ in million)
1.	Mr. Yatin Shah	82.50
2.	Mr. Jayant Aradhye	Nil
3.	Dr. Suhasini Shah	17.71
4.	Mr. Ravindra Joshi	28.68
5.	Mr. Sarvesh Joshi	Nil*

S. No.	Name of Director	Remuneration paid in fiscal 2014 (in ₹ in million)
6.	Mr. Pramod Mehendale	Nil*
7.	Mr. Vedant Pujari	Nil*
8.	Mr. Vaibhav Mahajani	Nil*
	Total	**128.89**

**Mr. Sarvesh Joshi, Mr. Pramod Mehendale,Mr. Vedant Pujari and Mr. Vaibhav Mahajani joined our Board in fiscal 2015 and therefore did not receive any remuneration in fiscal 2014.*

Our Company has not entered into any service contract with any Director providing for benefits upon termination of directorship.

Pursuant to a shareholders' resolution passed on January 30, 2014, our Board approved the payment of commission of ₹ 35 million, ₹ 14 million and ₹ 21 million to Mr. Yatin Shah, Dr. Suhasini Shah and Mr. Ravindra Raganath Joshi, respectively, for fiscal 2014.

Terms and conditions of employment of our whole-time Directors

Mr. Yatin Shah

Mr. Yatin Shah was last appointed as our Chairman and Managing Director pursuant to a resolution passed by our shareholders on September 29, 2012 for a period of 5 years with effect from April 1, 2012 at a remuneration by way of monthly salary, commission and other perquisites as may be approved by our shareholders.

Dr. Suhasini Shah

Dr. Suhasini Shah was appointed as our Executive Director pursuant to a resolution passed by our shareholders on March 13, 2014, for a period of five years with effect from April 1, 2014 at a remuneration by way of monthly salary, commission and other perquisites as may be approved by our shareholders.

Mr. Ravindra Raganath Joshi

Mr. Ravindra Raganath Joshi was appointed as our Executive Director pursuant to a resolution passed by our shareholders on March 13, 2014, for a period of 5 years with effect from April 1, 2014 at a remuneration by way of monthly salary, commission and other perquisites as may be approved by our shareholders.

The remuneration payable to Mr. Yatin Shah, Dr. Suhasini Shah and Mr. Ravindra Raganath Joshi in fiscals 2015, 2016 and 2017, as approved by our shareholders on March 13, 2014, is set forth below.

Particulars	Mr. Yatin Shah	Dr. Suhasini Shah	Mr. Ravindra Raganath Joshi
Fixed Remuneration inclusive of Retirement Benefits	₹ 47.50 million per year with 8% annual increment in the fixed remuneration	₹ 4 million per year with 8% annual increment in the fixed remuneration	₹ 10 million per year with 8% annual increment in the fixed remuneration
Allowance for travel, entertainment and club membership fees	Upto ₹ 0.5 million per annum	Nil	Nil
Variable Components	3.5% of EBITDA (provided that EBITDA is between 15-25% of the Turnover) and 4% of EBITDA (in the event that EBITDA is greater than or equal to 25% of the turnover)	1.5% of EBITDA (provided that EBITDA is between 15-25% of the Turnover) and 2% of EBITDA (in the event that EBITDA is greater than or equal to 25% of the turnover)	2.5% of EBITDA (provided that EBITDA is between 15-25% of the Turnover) and 3% of EBITDA (in the event that EBITDA is greater than or equal to 25% of the turnover)

In addition, our directors are entitled to certain benefits, including contribution for provident funds, gratuity, and mediclaim insurance.

Compensation payable to our Non-Executive Directors and our Independent Directors

Pursuant to a resolution passed by our shareholders on January 30, 2014, we may pay remuneration by way of commission up to 1% of the net profit in any financial year between April 1, 2013 to March 31, 2016 to our Non- Executive Directors in such proportion and in such manner as decided by the Board of Directors.

Compensation paid to our Directors by our Subsidiary and our Associate Companies

No remuneration was paid to our Directors by our Subsidiary and our Associate Companies in fiscal 2014.

Borrowing Powers of our Board

Our Articles of Association, subject to Section 180 of the Companies Act authorize our Board to raise or borrow money or secure the payment of any sum of money for the purpose of our Company. Pursuant to a resolution under Section 180 of the Companies Act passed at our extraordinary general meeting dated March 9, 2011, our shareholders authorized our Board to borrow from time to time such sums of money as may be required, provided that such amount shall not exceed ₹ 3,000 million.

Corporate Governance

The provisions of the Equity Listing Agreements to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares with the Stock Exchanges. We believe we are in compliance with the requirements of the applicable regulations, including the Companies Act, the Equity Listing Agreements with the Stock Exchanges and the SEBI ICDR Regulations, in respect of corporate governance including constitution of our Board and committees thereof. The corporate governance framework is based on an effective independent Board, separation of our Board's supervisory role from the executive management team and constitution of the committees of our Board, as required under law.

Our Board is constituted in compliance with the provisions of the Companies Act and the Equity Listing Agreements. Our Board functions either directly, or through various committees constituted to oversee specific operational areas.

As of the date of this Draft Red Herring Prospectus, we have eight Directors on our Board, comprising three executive Directors, four Independent Directors and one Non-Executive Non-Independent Director.

Committees of our Board

Our Board has constituted the following committees including those for compliance with corporate governance requirements:

a. Audit Committee

Our Audit Committee was last re-constituted pursuant to resolution of our Board dated January 9, 2015. The Audit Committee comprises:

1. Mr. Pramod Mehendale (Independent Director)- *Chairman*; and
2. Mr. Sarvesh Joshi (Independent Director)- *Member*; and
3. Mr. Ravindra Joshi (Director) - *Member*.

Set forth below are the scope, functions and the terms of reference of our Audit Committee, in accordance with Section 177 of the Companies Act and Clause 49 of the Equity Listing Agreements.

A. Powers of Audit Committee

The Audit Committee shall have powers, including the following:

- To investigate any activity within its terms of reference;
- To seek information from any employee;

- To obtain outside legal or other professional advice; and
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

B. Role of Audit Committee

The role of the Audit Committee shall include the following:

- Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of our Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to our Board for approval, with particular reference to:

  (a) Matters required to be included in the Director's Responsibility Statement to be included in our Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act;
  (b) Changes, if any, in accounting policies and practices and reasons for the same;
  (c) Major accounting entries involving estimates based on the exercise of judgment by management;
  (d) Significant adjustments made in the financial statements arising out of audit findings;
  (e) Compliance with listing and other legal requirements relating to financial statements;
  (f) Disclosure of any related party transactions; and
  (g) Qualifications in the draft audit report.

- Reviewing, with the management, the quarterly financial statements before submission to our Board for approval;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to our Board to take up steps in this matter;
- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- Approval of any subsequent modification of transactions of our Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of our Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 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;
- Discussion with internal auditors of any significant findings and follow up there on;
- 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 our Board;
- 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;
- 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;
- Reviewing the functioning of the whistle blower mechanism;
- Approval of appointment of CFO (i.e., the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Further, the Audit Committee shall mandatorily review the following information:

- Management discussion and analysis of financial condition and results of operations;

- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

As required under the Equity Listing Agreements, the Audit Committee shall meet at least four times in a year, and not more than four months shall elapse between two meetings. The quorum shall be two members present, or one-third of the members, whichever is greater, provided that there should be a minimum of two independent directors present.

b. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee was last re-constituted by a resolution of our Board dated January 27, 2015. The Stakeholders' Relationship Committee comprises:

1. Mr. Vedant Pujari (Independent Director)- *Chairman*; and
2. Dr. Suhasini Shah (Director)- *Member*; and
3. Mr. Pramod Mehendale (Independent Director) – *Member*.

Set forth below are the terms of reference of our Stakeholders' Relationship Committee.

- Considering and resolving grievances of shareholders', debenture holders and other security holders;
- Redressal of grievances of the security holders of our Company, including complaints in respect of transfer of shares, non-receipt of declared dividends, balance sheets of our Company, etc.;
- Allotment of shares, approval of transfer or transmission of equity shares, debentures or any other securities;
- Issue of duplicate certificates and new certificates on split/consolidation/renewal, etc.
- Overseeing requests for dematerialization and rematerialization of shares; and
- Carrying out any other function contained in the equity listing agreements as and when amended from time to time.

The Stakeholders' Relationship Committee Committee shall meet at least four times in a year, and not more than four months shall elapse between two meetings. The Committee shall report to our Board regarding the status of redressal of complaints received from the shareholders of our Company, for review thereof and publication along with the quarterly unaudited financial results, pursuant to the requirements of Clause 41 of the equity listing agreements. The quorum shall be two members present.

c. Nomination and Remuneration Committee

The Nomination and Remuneration Committee was last re-constituted pursuant to a resolution of our Board dated January 9, 2015. The Nomination and Remuneration Committee comprises:

1. Mr. Vedant Pujari (Independent Director)- *Chairman*; and
2. Mr. Sarvesh Joshi (Independent Director)- *Member*; and
3. Mr. Pramod Mehendale (Independent Director)- *Member*.

Set forth below are the terms of reference of our Nomination and Remuneration Committee.

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to our Board a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of independent directors and our Board;
- Devising a policy on Board diversity;
- 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 our Board their appointment and removal; and

- Carrying out any other function contained in the equity listing agreements as and when amended from time to time.

The Nomination and Remuneration Committee shall meet at least four times a year with maximum interval of four months between two meetings. The quorum shall be two members present.

*d. Corporate Social Responsibility Committee (the "**CSR Committee**")*

The CSR Committee was constituted pursuant to a resolution of our Board dated January 9, 2015. The CSR Committee comprises:

1. Mr. Yatin Shah (Managing Director)- *Chairman*; and
2. Dr. Suhasini Shah (Director)- *Member*; and
3. Mr. Vedant Pujari (Independent Director)- *Member*

Set forth below are the terms of reference of the CSR Committee.

- Formulating the corporate social responsibility policy;
- Recommending the activities to be undertaken by our Company, in accordance with Schedule VII of the Companies Act and to recommend the amount of expenditure;
- Monitoring the corporate social responsibility policy and the expenditure of our Company; and
- To take steps for formation of any Trust/Society/Company for charitable purpose and get the same registered for the purpose of complying with CSR provisions.

The CSR Committee shall meet at least four times a year with maximum interval of four months between two meetings. The quorum shall be two members present.

Shareholding of Directors in our Company, Subsidiary and Associate Companies

Our Articles of Association do not require our Directors to hold qualification shares. As on date of filing of this Draft Red Herring Prospectus, our Directors hold the following number of Equity Shares of our Company:

Name of Directors	Number of Equity Shares Held (Pre-Offer)	Pre-Offer Percentage (in %)
Mr. Yatin Shah	39,378,400	48.12
Dr. Suhasini Shah	10,953,200	13.38
Mr. Jayant Aradhye	11,202,000	13.69
Total	61,533,600	75.19

As on date of filing of this Draft Red Herring Prospectus, our Directors do not hold any Equity Shares in our Subsidiary or our Associate Companies.

Interest of our Directors

Our Directors may be deemed to be interested to the extent of the remuneration paid to them or services rendered as a Director of our Company and reimbursement of expenses payable to them. For details see **"-*Compensation of our Directors*"** above. Mr. Yatin Shah and Dr. Suhasini Shah are interested to the extent of being Promoters of our Company. For more information, see **"*Our Promoters and Group Entities*"** on page 165.

Our Directors may also be interested to the extent of Equity Shares, if any, held by them or held by the entities in which they are associated as promoters or directors, partners, proprietors or trustees or held by their relatives or that may be subscribed by or allotted to the companies, firms, ventures, trusts in which they are interested as promoters, directors, partners, proprietors, members or trustees, pursuant to the Offer. Further, our Directors (except our Promoter Directors who have undertaken not to participate in the Offer) may also be deemed to be interested to the extent of Equity Shares that may be subscribed for and allotted to them, out of the present

Offer. Such Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Our Company has also executed a license agreement with Mr. Yatin Shah, for the use of B-203, Shriniwas Blossom Boulevard, South Main Road, Koregaon Park, Pune to be used as a guesthouse on leave and license basis.

As on date of filing of this Draft Red Herring Prospectus, none of the relatives of our Directors have been appointed to a place or office of profit in our Company:

Bonus or Profit Sharing Plan for our Directors

Except as stated below in "- ***Payment or Benefit to officers of our Company***", our Directors are not party to any bonus or profit sharing plan.

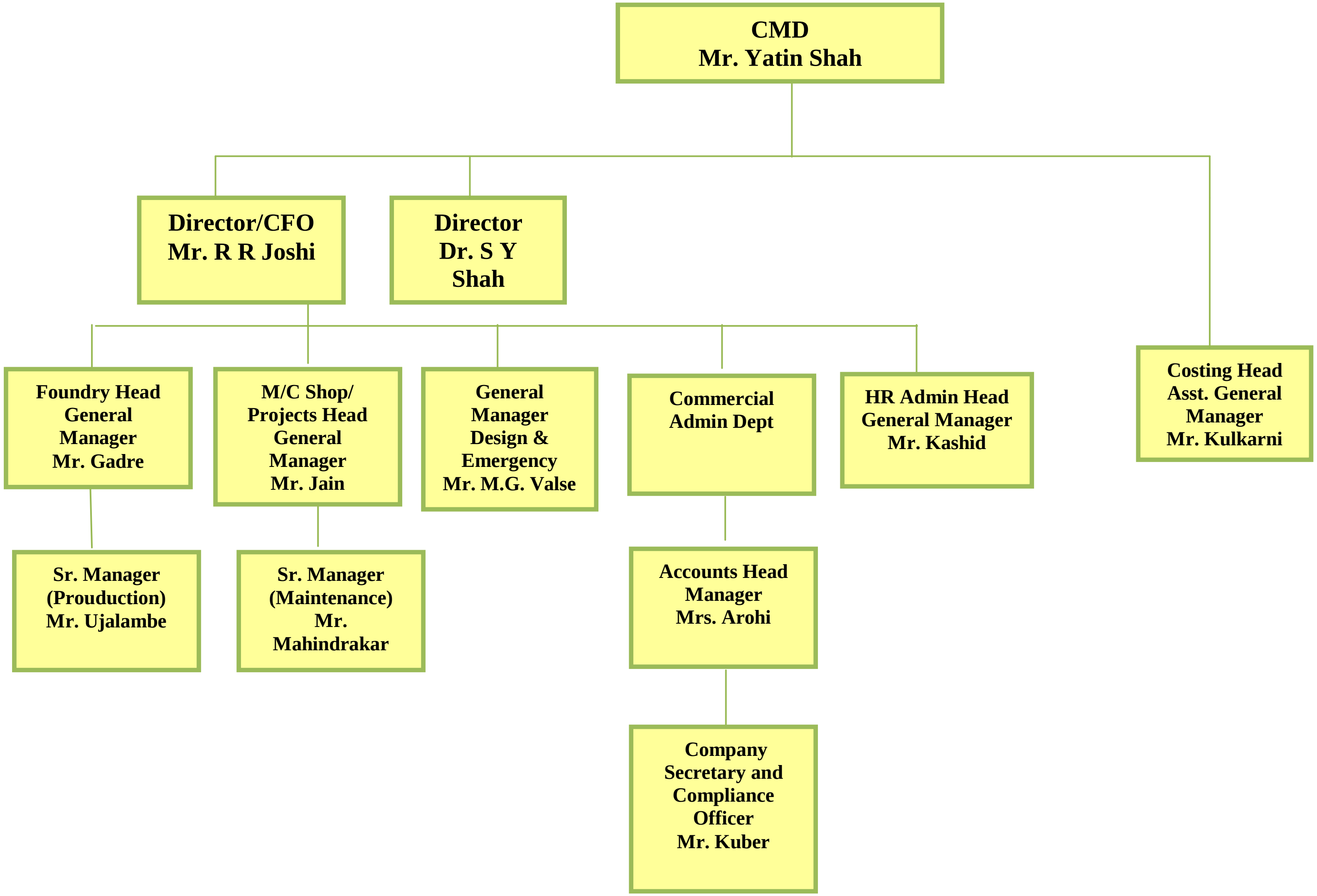
Changes in our Board during the Last Three Years

Except as disclosed below, there have been no changes in our Board during the last three years.

Name of Director	Date of appointment	Date of cessation	Reason
Mr. Mahesh Risbud (Independent Director)	March 27, 2008	April 1, 2013	Resignation
Mr. Pradeep C. Bandivadekar (Nominee Director)	July 26, 2008	August 21, 2013	Resignation due to disinvestment by Tata Capital Financial Services Limited
Dr. Suhasini Shah	May 19, 2012	-	Appointment
Mr. Sarvesh Joshi (Independent Director)	August 31, 2013	-	Appointment
Mr. Vedant Pujari (Independent Director)	December 30, 2014	-	Appointment
Mr. Pramod Mehendale (Independent Director)	December 30, 2014	-	Appointment
Mr. Vaibhav Mahajani (Additional Independent Director)	February 17, 2015	-	Appointment

Management Organization Structure

Set forth is the organization structure of our Company:


CMD
Mr. Yatin Shah
Director/CFO
Mr. R R Joshi
Director
Dr. S Y
Shah
Foundry Head
General
Manager
Mr. Gadre
M/C Shop/
Projects Head
General
Manager
Mr. Jain
General
Manager
Design &
Emergency
Mr. M.G. Valse
Commercial
Admin Dept
HR Admin Head
General Manager
Mr. Kashid
Costing Head
Asst. General
Manager
Mr. Kulkarni
Sr. Manager
(Prouduction)
Mr. Ujalambe
Sr. Manager
(Maintenance)
Mr.
Mahindrakar
Accounts Head
Manager
Mrs. Arohi
Company
Secretary and
Compliance
Officer
Mr. Kuber

Our Key Managerial Personnel

Set forth below are the details of our key managerial personnel as on the date of filing of this Draft Red Herring Prospectus.

Mr. Achyut Gadre, aged 45 years, is the General Manager (Production) of our Company. He holds a bachelor's degree in science from Shivaji University. He has 19 years of work experience in the area of automobile manufacturing. He joined our Company on August 12, 1995. He is currently responsible for production and business planning. He received a gross remuneration of ₹2.7 million in fiscal 2014.

Mr. Ajitkumar Jain, aged 41 years, is the General Manager (Business Development & Projects) of our Company. He holds a bachelor's degree in production engineering from V.J. Technical Institute Mumbai. He has previously been associated with Bajaj Auto Limited and has 20 years of work experience in the area of manufacturing engineering. He joined our Company on February 6, 2004. His current responsibilities include production management and production system development. He received a gross remuneration of ₹2.9 million in fiscal 2014.

Mr. M. G. Valse, aged 52 years, is the General Manager (Design and Engineering Services) of our Company. He has a diploma in mechanical engineering from the Maharashtra Board of Technical Examinations. He has previously been associated with Shivaji Works Limited and has 34 years of work experience in the area of product development. He joined our Company on August 1, 2000. He is currently responsible for execution of all the stages of product development and customer services. He received a gross remuneration of ₹1.5 million in fiscal 2014.

Mr. Rajkumar Kashid, aged 49 years, is the General Manager (Human Resources) of our Company. He holds a master's degree in social welfare and an LLB degree from Shivaji University. He has previously worked at Chetan Foundries and Cimmco Spinners. He has 25 years of work experience in management. He joined our Company on August 12, 1995. His current responsibilities include management of human resources. He received a gross remuneration of ₹2.4 million in fiscal 2014.

Mr. Deepak Kulkarni, aged 44 years, is the Assistant General Manager (Projects) of our Company. He holds a diploma in mechanical engineering from the Maharashtra Board of Technical Examinations. He has has over 25 years of work experience in the area of product development. He joined our Company on January 11, 1990. His current responsibilities include business and technology development. He received a gross remuneration of ₹1.2 million in fiscal 2014.

Mr. Pradeep Mahindrakar, aged 45 years, is the Senior Manager (Maintenance) of our Company. He holds a diploma in mechanical engineering from the Maharashtra Board of Technical Examinations. He has has 21 years of work experience in the area of mechanical engineering. He joined our Company on January 16, 1994. His current responsibilities include production planning and control. He received a gross remuneration of ₹1.1 million in fiscal 2014.

Mr. Sidram Ujalambe, aged 50 years, is the Senior Manager (Production) of our Company. He holds a bachelor's degree in science from Shivaji University. He has 26 years of work experience in Foundry production, having previously worked with Ashok Iron Works, Chetan Foundries and Shivaji Works Limited. He joined our Company on January 1, 2002. His current responsibilities include production planning and foundry production processing. He received a gross remuneration of ₹0.8 million in fiscal 2014.

Mr. Swapneel Kuber, aged 27 years, is the Company Secretary and Compliance Officer of our Company. He holds a bachelor degree in law from Shivaji University. He is an associate of the Institute of Company Secretaries of India. He has previously work at Kalra Oversease & Precision Engineering Limited. He was appointed Company Secretary and Compliance Officer of our Company on January 9, 2015.

Status of Key Managerial Personnel

All our key managerial personnel are permanent employees of our Company. The term of office of our employees, including our key managerial personnel, is until the attainment of 58 years of age.

Nature of family relationship

None of our key managerial personnel are related to each other or to any of our Directors.

Shareholding of the Key Managerial Personnel

None of our key managerial personnel hold any Equity Shares of our Company as on date of this Draft Red Herring Prospectus.

Bonus or Profit Sharing Plan for our Key Managerial Personnel

For more information, see "***- Payment or Benefit to officers of our Company***" on page 163.

Interest of Key Managerial Personnel

Other than to the extent of the remuneration or benefits to which our key managerial personnel are entitled to as per their terms of appointment or to the extent of any employee stock options that may be granted to them pursuant to PCL ESOS – 2015, our key managerial personnel do not have any other interest in the business of our Company.

Our key managerial personnel may also be deemed to be interested to the extent of Equity Shares that may be subscribed for and allotted to them, pursuant to this Offer. Such key managerial personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

None of our key managerial personnel has been paid any consideration of any nature, other than their remuneration.

Changes in Key Managerial Personnel in the Last Three Years

Except for the appointment of Mr. Swapneel Kuber as the Company Secretary in January, 2015, there have been no changes in our key managerial personnel in the last three years.

Employee Stock Option or Stock Purchase Scheme

PCL ESOS -2015

As on February 6, 2015 our Company has granted 382,950 options which have not yet vested. For more information on PCL ESOS - 2015, see "***Capital Structure***" on page 67.

Payment or Benefit to officers of our Company

None of the beneficiaries of loans and advances and sundry debtors are related to our Company, our Directors or our Promoters.

Arrangements and Understanding with Major Shareholders

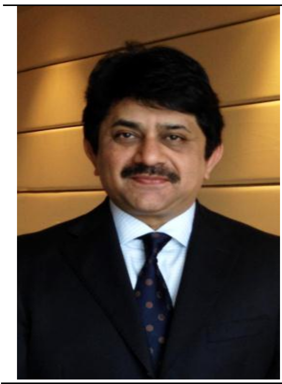
None of our key managerial personnel or Directors has been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others.

OUR PROMOTERS AND GROUP ENTITIES

Our Promoters are Mr. Yatin Shah and Dr. Suhasini Shah**.** As of the date of this Draft Red Herring Prospectus, our Promoters hold, in aggregate, 50,331,600 Equity Shares, representing 61.5% of the issued and paid-up Equity Share capital of our Company.

Details of our promoters

Mr. Yatin Shah



Mr. Yatin Shah, aged 53 years, is our Chairman and Managing Director and a Promoter of our Company. He holds a bachelor's degree from Bombay University and a master's degree in business administration from Pune University. He has over 23 years of experience in the auto component manufacturing sector. He has been a Director on our Board since incorporation and was last re-appointed as the Chairman and Managing Director of our Company with effect from April 1, 2012. He has received various awards, including J. R.D. Tata Udyog Ratna Award instituted by Maharashtra Audyogik Vikas Parishad, Pune in 2011.

For more information, see "***Our Management***" on page 153.

His voter's identification number is MT/37/216/372444.
His driver's license number is MH1320070000216.

Dr. Suhasini Shah

Dr. Suhasini Shah, aged 49 years, is a Whole Time Director and the head of the legal department of our Company. She holds a bachelor's degree in law, a bachelor's degree in medicine and a bachelor's degree in surgery from Shivaji University. She has a post-graduate diploma in medico-legal systems from the Symbiosis Centre of Health Care and has participated in an executive education programme on small and medium enterprises at Indian Institute of Management, Ahmedabad. She has over 23 years of work experience in management. She has been the head the Legal Department of our Company since 1996 and was a founder trustee of Precision Foundation. She joined our Board on May 19, 2012.

For more information, see "***Our Management***" on page 153.

Her voter's identification number is MT/37/216/372473.
Her driver's license number is MH1320070000217.

We confirm that the PAN, bank account numbers and passport numbers of our Promoters will be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus with the Stock Exchanges.

Interest of our Promoters

Our Promoters are interested in our Company to the extent of their shareholding in our Company and any dividend distribution that may be made by our Company in the future. For details pertaining to our Promoters' shareholding, see "***Capital Structure***" on page 67. Our Promoters are also interested to the extent they are Directors on our Board, as well as any remuneration of expenses payable to them.

Our Company has also executed a license agreement with Mr. Yatin Shah, for the use of B-203, Shriniwas Blossom Boulevard, South Main Road, Koregaon Park, Pune to be used as a guesthouse on leave and license basis.

Except as disclosed above, our Promoters and Group Entities confirm that they have no interest in any property acquired by our Company during the two years immediately preceding the date of this Draft Red Herring Prospectus or in any transaction in acquisition of land, construction of building and supply of machinery, etc.

None of our Promoters are interested as a member of a firm or company, and no sum has been paid or agreed to be paid to any of our Promoters or to such firm or company in cash or shares or otherwise by any person for services rendered by such Promoter(s) or by such firm or company in connection with the promotion or formation of our Company.

Group Entities

Following are details of our Group Entities.

1. CTL

CTL was incorporated on June 7, 2013 under the Companies Act 1956. The registered office of CTL is situated at 51, Sarvodaya Housing Society, Hotgi Road, Solapur 413 003, Maharashtra India. The corporate identity number of CTL is U29253PN2013PLC147682. CTL is authorized to engage in the business of manufacturing camshafts and other valve train components. Our promoters directly hold 100% of the equity share capital.

The authorized share capital of CTL is ₹ 625,000,000 divided into 500,000 Equity Shares of ₹ 10 each and 62,000,000 preference shares of ₹10 each. Its issued, subscribed and paid-up equity share capital is ₹ 5,000,000 comprising 500,000 shares of ₹ 10 each and its issued, subscribed and paid-up preference share capital is ₹ 62,000,000 comprising 500,000 shares of ₹ 10 each.

Financial Performance

Certain details of the audited financials of CTL for fiscal 2014 are set forth below.

(in ₹ except per share data)

	Fiscal 2014
Equity capital	625,000,000
Reserves and surplus (excluding revaluation)	(4,709,557)
Sales	1,309,555
Loss after tax	(4,709,557)
Loss per share (Basic)	(11.72)
Loss per share (Diluted)	(0.10)
Net asset value per share	0.58

Significant Notes by statutory auditors of CTL

None

2. **Yatin Shah HUF**

Yatin Shah HUF is a Hindu Undivided Family represented by Mr. Yatin Shah as its karta. Yatin Shah HUF's PAN is AAIHS1564F.

Financial Information

The audited summary financials of Yatin Shah HUF for fiscals 2014, 2013 and 2012 are set forth below.

(₹ in million)

	Fiscal 2014	Fiscal 2013	Fiscal 2012
Capital Account	2.2	1.9	2
Total Income	0.3	0.4	0.3
Net Profit/ (Loss)	0.3	(0.1)	0.3

As of the date of this Draft Red Herring Prospectus, none of our Group Entities have any equity shares that are listed on any stock exchange. As of the date of this Draft Red Herring Prospectus, none of our Group Entities have made any public or rights issue of securities in the three years immediately preceding the date of this Draft Red Herring Prospectus.

Group Entities with negative net worth

None of our Group Entities had a negative net worth in the last fiscal year.

Disassociation by our Promoters in the Preceding Three Years

Our Promoters have not disassociated themselves as a promoter from any entity in the three years immediately preceding the date of this Draft Red Herring Prospectus.

Payment or Benefit to Promoters and Group Entities

Except as stated above in " – ***Interest of Promoters***" on page 165, there has been no payment of benefits to our Promoters and Group Entities, during fiscal 2014 and 2013, nor is any benefit proposed to be paid to them as on the date of this Draft Red Herring Prospectus.

Other Confirmations

Common Pursuits

Except CTL which is also engaged in the same business as our Company, there are no common pursuits among our Group Entities and our Company. We have received an undertaking from the promoter of CTL, Mr. Yatin Shah, to the effect that CTL will obtain the prior consent of our Company prior to undertaking or executing activities similar to those undertaken by our Company. However, we have in the past entered, and expect to continue to enter, into transactions with certain related parties in the ordinary course of our business, including due to the industry and regulatory framework in which we operate. While we believe that all our related party transactions have been conducted on arm's length basis, our Promoter and members of the Promoter Group have interests in other companies and entities that may compete with us. For more information, see "***Risk Factors***" on page 12.

Business interests within the group

None of our Group Entities have any business or other interest in our Company except for business conducted on an arms' length basis or to the extent of any Equity Shares held by them. For more information on business transactions with our Group Entities and their significance on our financial performance, see "***Financial Statements***" on page 170.

Our Company does not have any sales/purchase arising out of any transaction with any Group Entity or associate companies as specified in "***Financial Statements – Annexure XIX - Restated Consolidated Statement Of Related Party Transactions***" as per Accounting Standard -18, exceeding, in aggregate, 10% of the total sales or purchases of our Company.

Our Promoters, directors of our Group Entities and our Group Entities have confirmed that they have not been declared as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past and no proceedings pertaining to such penalties are pending against them.

As on the date of this Draft Red Herring Prospectus, our Promoters, members of our Promoter Group and Group Entities are not prohibited 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 regulatory or governmental authority. Further, none of our Promoters was or is a promoter or person in control of any other company that is debarred from accessing the capital markets under any order or direction made by SEBI or any other authority.

Sick or Defunct Companies

None of the companies forming part of our Group Entities have become sick companies under the Sick Industrial Companies (Special Provisions) Act, 1985 and no winding up proceedings have been initiated against them. Further, none of our Group Entities have become defunct and no application has been made in respect of any of them, to the respective registrar of companies where they are situated, for striking off their names, in the five years immediately preceding the date of this Draft Red Herring Prospectus.

DIVIDEND POLICY

The declaration and payment of dividend on our Equity Shares 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 (together with applicable rules issued thereunder) and will depend on a number of factors, including but not limited to our profits, capital requirements, contractual obligations, restrictive covenants under our loan and financing arrangements and the overall financial condition of our Company.

The dividends declared by our Company on the Equity Shares during the last five financial years are detailed in the following table:

Particulars	Fiscal 2014	Fiscal 2013	Fiscal 2012	Fiscal 2011	Fiscal 2010
Face value per Equity Share (₹)	100	100	100	100	100
Dividend(₹)	3,182,491*	3,092,080	3,092,080	3,092,080	3,092,080
Dividend (in ₹ per Equity Share)	10	10	10	10	10
Equity Share Capital	409,208	309,208	309,208	309,208	309,208
Rate of dividend (%)	10	10	10	10	10

* *For Fiscal 2014, dividend was paid at ₹10 per share to the equity shareholders of our Company holding 309,208 equity shares and to the employees of the Company, on a pro rata basis, who were allotted 100,000 equity shares under KESOS 2014. For details, see "**Capital Structure**" on page 67.*

The Company has also declared dividend on the Preference Shares as follows:

Particulars	Fiscal 2011	Fiscal 2010
Face value per Preference Share (₹)	100	100
Dividend (₹)	9,225,485*	28,368,685**
Dividend (in ₹ per Preference Share)	16.55	16.55
Preference Share Capital	884,616	1,807,692
Rate of dividend (%)	16.55	16.55

**For Fiscal 2011, dividend amounting to ₹3,892,472 was paid for 461,538 OCCRPS and ₹5,332,985 was paid for 423,078 OCCRPS held by Tata Capital Limited at ₹16.55 per share on a pro rata basis, upon redemption of such OCCRPS by the Company on October 4, 2010 and January 3, 2011, respectively.*

***For Fiscal 2010, dividend amounting to ₹13,728,290 was paid for 923,076 OCCRPS held by Tata Capital Limited at ₹16.55 per share on a pro rata basis, upon redemption of such OCCRPS by the Company on February 17, 2010. The Company further proposed a final dividend amounting to ₹14,640,395 for 88,461,600 OCCRPS held by Tata Capital Limited at ₹16.55 per share.*

Our Company had issued 1,807,692 OCCRPS of ₹100 each to Tata Capital Limited on March 27, 2008 out of which 923,076 OCCRPS were redeemed on February 17, 2010, 461,538 OCCRPS were redeemed on October 4, 2010 and 423,078 OCCRPS were redeemed on January 3, 2011.

As on the date of this Draft Red Herring Prospectus, the Company does not have any issued, subscribed or paid-up Preference Share Capital.

However, our dividend history is not necessarily indicative of our dividend amounts, 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. 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, cash requirements, business prospects and any other financing arrangements. Additionally, under some of our loan agreements, we are not permitted to declare any dividends, if there is a default under such loan agreements or unless our Company has paid all the dues to the lender up to the date on which the dividend is declared or paid or has made satisfactory provisions thereof.

SECTION V – FINANCIAL INFORMATION
FINANCIAL STATEMENTS

Report of auditors on the Restated Summary Statements of Assets and Liabilities as at September 30, 2014, March 31, 2014, 2013, 2012, 2011 and 2010 and Profits and Losses and Cash Flows for the six months period ended September 30, 2014 and for each of the years ended March 31, 2014, 2013, 2012, 2011 and 2010 of Precision Camshafts Limited (collectively, the "Restated Unconsolidated Summary Statements")

The Board of Directors
Precision Camshafts Limited
D-5, MIDC, Chincholi,
Solapur Pune Road,
Solapur - 413255

Dear Sirs,

1. We have examined the Restated Unconsolidated Summary Statements of Precision Camshafts Limited (the "Company") as at September 30, 2014, March 31, 2014, 2013, 2012, 2011 and 2010 and September 30, 2014; and for the six months period ended September 30, 2014 and for each of the years ended March 31, 2014, 2013, 2012, 2011 and 2010, annexed to this report for the purpose of inclusion in the offer document ("Restated Unconsolidated Financial Information") prepared by the Company in connection with its proposed Initial Public Offer ("IPO"). Such financial information, which have been approved by the Board of Directors, has been prepared by the Company in accordance with the requirements of:

   a) Sub-clause (i), (ii) and (iii) of clause (b) of Sub-section (1) of Section 26 of Chapter III of The Companies Act 2013 (the "Act") read with rule 4 of Companies (Prospectus and Allotment of Securities) Rules, 2014; and

   b) relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "Regulations") issued by the Securities and Exchange Board of India ("SEBI") on August 26, 2009, as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992.

2. We have examined such Restated Unconsolidated Financial Information taking into consideration:

   a) the terms of our engagement agreed with you vide our engagement letter dated November 14, 2014, requesting us to carry out work on such restated financial information, proposed to be included in the offer document of the Company in connection with the Company's proposed IPO; and

   b) the Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India.

3. The Company proposes to make an IPO which comprises of a fresh issue of equity shares of Rs. 10 each as well as an offer for sale by certain shareholders' existing equity shares of Rs.10 each, at such premium, arrived at by a book building process (referred to as the "Issue"), as may be decided by the Board of Directors of the Company.

Restated Unconsolidated Financial Information as per audited financial statements:

4. The Restated Unconsolidated Financial Information has been compiled by the management from
   a) the audited unconsolidated interim condensed financial statements of the Company as at and for the six months period ended September 30, 2014, which have been approved by the Board of Directors on March 4, 2015;

b) the audited unconsolidated financial statements of the Company, as at and for each of the years ended March 31, 2014, 2013, 2012, 2011 and 2010 , prepared in accordance with accounting principles generally accepted in India at the relevant time and which have been approved by the Board of Directors on September 5, 2014, September 23, 2013, September 5, 2012,August 13, 2011and September 20, 2010 respectively

c) Books Of accounts and other records of the Company and related information, in relation to the years ended March 31, 2011 and March 31, 2010 to the extent considered necessary, for the presentation of the Restated Unconsolidated Financial Information under the requirements of the Schedule III of the Companies Act, 2013 and /or Revised Schedule VI of the Companies Act, 1956, as the case may be.

5. We have issued auditor's report dated March 5, 2015 on the unconsolidated interim condensed financial statements of the Company as at and for the six months ended September 30, 2014. We have also issued auditor's report dated September 5, 2014, September 23, 2013 and September 5, 2012 on the unconsolidated financial statements of the Company as at and for the years ended March 31, 2014, 2013 and 2012. S.R. Batliboi & Co. LLP, previous auditors, have issued their auditor's reports dated August 13, 2011 and September 20, 2010 on the unconsolidated financial statements of the Company as at and for the years ended March 31, 2011 and 2010, on which reliance has been placed by us.

6. In accordance with the requirements of Sub-clause (i), (ii) and (iii) of clause (b) of Sub-section (1) of Section 26 of Chapter III of the Act read with rules 4 of Companies (Prospectus and Allotment of Securities) Rules, 2014, the Regulations and terms of our engagement agreed with you, we report that, read with paragraph 4 above, we have examined the Restated Unconsolidated Financial Information as at and for the six months period ended September 30, 2014 and as at and for the years ended March 31, 2014, 2013, 2012, 2011, 2010 as set out in Annexures I to III.

7. Based on our examination and the audited financial statements of the Company for the six month period ended September 30, 2014 and for each of the years ended March 31, 2014, 2013, 2012, 2011 and 2010, we report that:

i. The restated unconsolidated profits have been arrived at after making such adjustments and regroupings as, in our opinion, are appropriate and more fully described in the notes appearing in Annexure IV to this report;

ii. There are no changes in accounting policies in the financial statements as at and for the six months period ended September 40, 2014, and as at and for the years ended March 31, 2014 and 2013. The impact arising on account of changes in accounting policies adopted by the Company as at and for the year ended March 31, 2012, is applied with retrospective effect in the Restated Unconsolidated Financial Information, to the extent applicable;

iii. Adjustments for the material amounts in the respective financial years/period to which they relate have been adjusted in the Restated Unconsolidated Financial Information;

iv. There are no extraordinary items which need to be disclosed separately in the Restated Unconsolidated Financial Information;

v. There are no qualifications in the auditors' reports on the Unconsolidated Financial Statements of the Company as at and for the six months ended September 30, 2014 and as at and each of the years ended March 31, 2014, 2013, 2012, 2011, 2010 which require any adjustments to the Restated Unconsolidated Financial Information; and

vi. Other audit qualifications included in the Annexure to the auditors' report on the Unconsolidated Financial Statements for the years ended March 31, 2014, 2013, 2012, 2011 and 2010 which do not require any corrective adjustment in the financial information, are as follows:

A. For the year ended March 31, 2014

Clause (v) (c)

In our opinion and according to the information and explanations given to us, transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time except for transactions relating to construction of fixed assets from Kimaya Construction Private Limited and technical support fees received from Ningbo Shenglong PCL Camshafts Co. Ltd. and PCL Shenglong (Huzhou) Specialised Casting Co, for which, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.

B. For the year ended March 31, 2013

Clause (v) (c)

In our opinion and according to the information and explanations given to us, transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time except for transactions relating to construction of fixed assets and technical support fee received from Ningbo Shenglong PCL Camshafts Co. Ltd., for which, because of the unique and specialized nature of the items involved and absence of any comparable prices, *we are unable to comment whether the transactions were made at prevailing market prices at the relevant time*.

Clause (ix) (c)

According to the records of the Company, the dues outstanding of income-tax, sales –tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	**Nature of dues**	**Amount (Rs.)**	**Period to which the amount relates**	**Forum where dispute is pending**
Income Tax Act, 1961	Income tax	2,889,919 (of the above Rs.1,945,000 has been deposited with tax authorities)	2006-2007	ITAT, Pune
Income Tax Act, 1961	Income tax	6,013,212 (of the above Rs. 3,007,000 has been deposited with tax authorities)	2005-2006 2002-2003 2004-2005	CIT (Appeals), Pune ITAT, Pune ITAT, Pune

C. For the year ended March 31, 2012

Clause (ix) (c)

According to the records of the Company, the dues outstanding of income-tax, sales –tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	**Nature of dues**	**Amount (Rs.)**	**Period to which the amount relates**	**Forum where dispute is pending**
Income Tax Act, 1961	Income tax	2,889,919 (of the above Rs.1,945,000 has been deposited with tax authorities)	2006-2007	ITAT, Pune
Income Tax Act, 1961	Income tax	6,013,212	2005-2006	CIT (Appeals), Pune
Bombay Sales Tax Act, 1959	Sales tax	423,161	2003-2004	Sales Tax Tribunal (Mumbai)

D. For the year ended March 31, 2011

Clause (ix) (c)

According to the records of the Company, the dues outstanding of income-tax, sales –tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	**Nature of dues**	**Amount (Rs)**	**Financial year to which the amount relates**	**Forum where dispute is pending**
Finance Act, 1994 (Service Tax)	Service tax credit availed on bus service expense recovered from employees/worker	304,380	2010-2011	Commissioner of Central Excise (Appeals)
Finance Act, 1994 (Service Tax)	Refund of service tax paid on behalf of foreign sales agents	675,224	2009-2010	CESTAT Appellate Tribunal (Mumbai)
Bombay Sales Tax Act, 1959	Sale Tax set off disallowed	423,161	2003-2004	Sales Tax Tribunal (Mumbai)
Income Tax Act, 1961	Demand has been raised by the Assistant Commissioner after disallowing certain claims availed in the return of income. (Total demand of Rs. 2,889,919 out of which Rs.1,595,000 has been deposited	1,294,919	2006-2007	Commissioner of Income Tax (Appeals), Pune

Name of the statute	Nature of dues	Amount (Rs)	Financial year to which the amount relates	Forum where dispute is pending
	with tax authorities)			

E. For the year ended March 31, 2010

Clause (ix) (c)

According to the records of the Company, the dues outstanding of income tax, sales –tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994 (Service Tax)	Refund of service tax paid on behalf of foreign sales agents	675,224	Financial Year 2009-2010	CESTAT Appellate Tribunal (Mumbai)
Finance Act, 1994 (Service Tax)	Service tax on G.T.A. outward freight	168,794	Financial Year 2009-2010	CESTAT Appellate Tribunal (Mumbai)
Bombay Sales Tax Act, 1959	Sale Tax set off disallowed	423,161	Financial year 2003-2004	Sales Tax Tribunal (Mumbai)
Income Tax Act, 1961	Demand has been raised by the Assistant Commissioner after disallowing certain claims availed in the return of income.	1,444,960	Financial Year 2006-2007	Commissioner of Income Tax (Appeals), Pune

8. We have not audited or reviewed, any financial statements of the Company as of any date or for any period subsequent to September 30, 2014. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to September 30, 2014.

Other Financial Information:

9. At the Company's request, we have also examined the following unconsolidated financial information proposed to be included in the offer document prepared by the management and approved by the Board of Directors of the Company and annexed to this report relating to the Company as at and for the six months ended September 30, 2014 and for each of the years ended March 31, 2014, 2013, 2012, 2011 and 2010:

   a) Restated Unconsolidated Statement of Reserves and Surplus, enclosed as Annexure VI;

b) Restated Unconsolidated Statement of Long Term borrowings, enclosed as Annexure VII;

c) Restated Unconsolidated Statement of Long Term Provisions and Short Term Provisions, enclosed as Annexure VIII;

d) Restated Unconsolidated Statement of Short term borrowings, enclosed as Annexure IX;

e) Restated Unconsolidated Statement of Trade Payables and Other Current Liabilities, enclosed as Annexure X;

f) Restated Unconsolidated Statement of Non- Current Investments, enclosed as Annexure XI ;

g) Restated Unconsolidated Statement of Long term Loans and Advances and Other Non-Current Assets, enclosed as Annexure XII ;

h) Restated Unconsolidated Statement of Current Trade Receivables, enclosed as Annexure XIII;

i) Restated Unconsolidated Statement of Short term Loans and Advances and Other Current Assets, enclosed as Annexure XIV;

j) Restated Unconsolidated Statement of Other Income, enclosed as Annexure XV;

k) Restated Unconsolidated Statement of Contingent Liabilities, enclosed as Annexure XVI;

l) Restated Unconsolidated Statement of Segment information, enclosed as Annexure XVII;

m) Restated Unconsolidated Statement of Related Party Transactions enclosed as Annexure XVIII ;

n) Capitalisation Statement, as appearing in Annexure XIX ;

o) Restated Unconsolidated Statement of Rates and Amount of Dividends, enclosed as Annexure XX ;

p) Restated Unconsolidated Statement of Accounting Ratios, enclosed as Annexure XXI and

q) Statement of Tax Shelter, enclosed as Annexure XXII.

10. In our opinion, the financial information as disclosed in the Annexures to this report, read with the respective significant accounting policies and notes disclosed in Annexure V, and after making adjustments and regroupings as considered appropriate and disclosed in Annexure IV, have been prepared in accordance with the relevant provisions of the Act and the Regulations.

11. This report should not be in any way construed as a reissuance or redating of any of the previous audit reports issued by us, nor should this report be construed as an opinion on any of the financial statements referred to herein.

12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

13. This report is intended solely for your information and for inclusion in the offer document in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E

per Paul Alvares
Partner
Membership Number: 105754
Place: Pune
Date: March 5, 2015

PRECISION

PRECISION CAMSHAFTS LIMITED

ANNEXURE I – RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF ASSETS & LIABILITES

(Rs.in million)

	Particulars	Annexures	As at					
			30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
A.	**Equity & liabilities**							
	Share holders' funds							
	(a) Share capital							
	- Equity share capital		40.92	40.92	30.92	30.92	30.92	30.92
	- Preference share capital		-	-	-	-	-	88.46
	(b) Reserves and surplus	**VI**	2,058.14	1,709.73	1,071.65	826.62	638.11	502.44
	Total of shareholders' funds		**2,099.06**	**1,750.65**	**1,102.57**	**857.54**	**669.03**	**621.82**
B	**Non-current liabilities**							
	(a) Long term borrowings	**VII**	1,127.60	1,247.34	1,288.52	1,422.41	412.56	429.56
	(b) Deferred tax liabilities (net)		119.11	149.14	115.66	66.92	60.87	51.01
	(c) Trade payables		-	-	7.38	-	-	-
	(d) Long term provisions	**VIII**	-	-	3.24	-	-	0.11
	Total of non-current liabilities		**1,246.71**	**1,396.48**	**1,414.80**	**1,489.33**	**473.43**	**480.68**
C	**Current liabilities**							
	(a) Short-term borrowings	**IX**	400.07	522.11	243.60	154.23	263.13	92.19
	(b) Trade payables	**X**	601.10	588.13	559.37	338.93	416.67	330.00
	(c) Other current liabilities	**X**	636.93	645.98	567.98	497.79	353.36	261.75
	(d) Short-term provisions	**VIII**	235.22	103.02	49.19	31.00	24.42	35.87
	Total of current liabilities		**1,873.32**	**1,859.24**	**1,420.14**	**1,021.95**	**1,057.58**	**719.81**
	Total of A + B + C		**5,219.09**	**5,006.37**	**3,937.51**	**3,368.82**	**2,200.04**	**1,822.31**
D	**Assets**							
	Non-current assets							
	(a) Fixed assets							
	-Tangible assets		2,067.01	2,224.16	1,984.18	1,035.33	931.95	783.49
	-Intangible assets		1.63	2.00	4.93	0.42	0.80	1.12
	-Capital work in progress		6.39	3.48	222.80	517.80	34.26	75.90
			2,075.03	**2,229.64**	**2,211.91**	**1,553.55**	**967.01**	**860.51**
	(b) Non-current investments	**XI**	733.49	733.49	31.40	7.00	0.13	0.13

	Particulars	Annexures	As at					
			30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
	(c) Long-term loans and advances	XII	76.85	59.09	93.30	159.95	23.30	65.86
	(d) Other non-current assets	XII	25.16	27.91	27.71	49.81	62.16	6.15
	Total non-current assets		**2,910.53**	**3,050.13**	**2,364.32**	**1,770.31**	**1,052.60**	**932.65**
E	**Current assets**							
	(a) Inventories		422.93	411.35	362.85	201.35	199.41	101.72
	(b) Trade receivables	XIII	904.29	1,124.66	836.77	561.50	685.12	416.72
	(c) Cash and Bank balances		814.19	267.16	249.76	774.09	181.50	276.30
	(d) Short-term loans and advances	XIV	145.59	135.64	103.64	46.02	76.28	90.30
	(e) Other current assets	XIV	21.56	17.43	20.17	15.55	5.13	4.62
	Total current assets		**2,308.56**	**1,956.24**	**1,573.19**	**1,598.51**	**1,147.44**	**889.66**
	Total of D+E		**5,219.09**	**5,006.37**	**3,937.51**	**3,368.82**	**2,200.04**	**1,822.31**

The above statement should be read with the notes to restated unconsolidated summary statements of assets and liabilities, profits and losses and cash flows as appearing in Annexure IV.

As per our report on even date

For S R B C & Co LLP
ICAI Firm Registration Number:324982E
Chartered Accountants

For and on behalf of Board of Directors of Precision Camshafts Limited

per Paul Alvares
Partner

Membership no: 105754

Place of Signature: Pune
Date: March 5, 2015

Yatin Shah
Managing Director
DIN:00318140

Place of Signature: Solapur
Date: March 5, 2015

Suhasini Shah
Whole Time Director
DIN:02168705

Place of Signature: Solapur
Date: March 5, 2015

Ravindra R Joshi
Director
DIN: 03338134

Place of Signature: Solapur
Date: March 5, 2015

PRECISION CAMSHAFTS LIMITED
ANNEXURE II – RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF PROFITS AND LOSSES

(Rs.in million)

Particulars	Annexures	Six months ended 30-Sept-2014	For the year ended				
			31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
Income:							
Sale of manufactured goods		2,575.23	4,566.83	3,657.99	3,095.26	2,777.92	1,907.07
Sale of services		9.04	9.56	10.21	15.96	17.32	21.56
Other operating revenue							
Tooling income		7.71	53.29	49.62	32.11	29.57	38.16
Scrap sales		0.84	1.61	1.57	1.21	0.49	0.38
Export incentives		44.01	115.96	-	-	1.02	0.89
Turnover (gross)		**2,636.83**	**4,747.25**	**3,719.39**	**3,144.54**	**2,826.32**	**1,968.06**
Less - excise duty		72.00	152.56	152.44	115.06	94.70	47.72
Turnover (net)		**2,564.83**	**4,594.69**	**3,566.95**	**3,029.48**	**2,731.62**	**1,920.34**
Other income	**XV**	78.07	123.58	89.00	85.14	41.21	24.67
Total revenue		**2,642.90**	**4,718.27**	**3,655.95**	**3,114.62**	**2,772.83**	**1,945.01**
Expenses:							
Raw materials consumed		822.20	1,520.02	1,487.84	1,224.98	1,135.71	683.53
(Increase)/decrease in inventories		-6.32	-29.40	-140.15	- 4.68	-85.99	-12.18
Employee benefits expense		320.06	1,129.36	387.83	304.13	277.84	174.27
Other expenses		675.77	1,349.42	1,250.44	1,078.73	995.68	642.76
Depreciation and amortisation expense		196.70	272.61	189.35	120.44	100.74	92.68
Finance costs		49.87	120.94	105.22	105.12	87.81	68.01
Total expenses		**2,058.28**	**4,362.95**	**3,280.53**	**2,828.72**	**2,511.79**	**1,649.07**
Restated profit before tax		**584.62**	**355.32**	**375.42**	**285.90**	**261.04**	**295.94**
Tax expense:							

Particulars	Annexures	Six months ended 30-Sept-2014	For the year ended				
			31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
Current tax	**XXII**	233.36	180.84	78.03	87.75	74.62	53.57
Deferred tax (credit)/charge		-18.85	33.48	48.74	6.05	9.86	6.53
MAT credit entitlement		-	-	-	-	-	-28.36
Total tax expense		**214.51**	**214.32**	**126.77**	**93.80**	**84.48**	**31.74**
Restated profit for the period/year		**370.11**	**141.00**	**248.65**	**192.10**	**176.56**	**264.20**

The above statement should be read with the notes to restated unconsolidated summary statements of assets and liabilities, profits and losses and cash flows as appearing in Annexure IV.

For S R B C & Co LLP
ICAI Firm Registration Number:324982E
Chartered Accountants

For and on behalf of Board of Directors of Precision Camshafts Limited

per Paul Alvares
Partner

Membership no: 105754

Place of Signature: Pune
Date: March 5, 2015

Yatin Shah
Managing Director
DIN:00318140

Place of Signature: Solapur
Date: March 5, 2015

Suhasini Shah
Whole Time Director
DIN:02168705

Place of Signature: Solapur
Date: March 5, 2015

Ravindra R Joshi
Director
DIN: 03338134

Place of Signature: Solapur
Date: March 5, 2015

PRECISION CAMSHAFTS LIMITED
ANNEXURE III – RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF CASH FLOWS

(Rs.in million)

	Particulars	**Six months ended 30-Sept-2014**	**For the year ended**				
			31-Mar-2014	**31-Mar-2013**	**31-Mar-2012**	**31-Mar-2011**	**31-Mar-2010**
A	**CASH FLOW FROM OPERATING ACTIVITIES**						
	Profit before tax (as restated)	**584.62**	**355.32**	**375.42**	**285.90**	**261.04**	**295.94**
	Adjustments to reconcile profit before tax to net cash flows						
	Depreciation and amortisation expense	196.70	272.61	189.35	120.44	100.74	92.68
	Provision for doubtful debts	1.19	-	1.30	15.87	-2.14	6.13
	Bad debts written off	-	-	-	-	8.14	-9.83
	Loss on sale/scrap of fixed assets (net)	-	4.04	13.32	11.90	1.83	14.86
	Dividend income on long-term investments	0.02	-0.02	-0.01	-0.01	-0.01	-0.03
	Esop expenses	-	500.80	-	-	-	-
	Interest expenses	40.65	99.95	89.72	93.00	79.22	53.90
	Interest income	-20.64	-17.44	-20.66	-11.05	-15.61	-14.58
	Early redemption charges on redemption of preference shares	-	-	-	-	2.30	2.34
	Unrealised foreign exchange (gain)/loss	-10.43	-65.79	-6.40	6.86	-6.02	-
	Operating profit before working capital changes (as restated)	**792.11**	**1149.47**	**642.04**	**522.91**	**429.49**	**441.41**
	Movements in working capital						
	Increase/(decrease) in trade payables	13.89	20.35	230.43	-73.94	123.86	165.79
	Increase/(decrease) in long-term provisions	-	-3.24	5.53	-2.17	0.96	0.11
	(Decrease)/increase in short-term provisions	7.85	-19.51	18.79	2.34	4.86	24.77
	Increase/(decrease) in other current liabilities	18.11	78.00	13.82	17.89	26.92	66.42
	Decrease/(increase) in trade receivables	220.80	-255.89	-293.97	105.21	-166.81	-189.25
	(Increase)/decrease in inventories	-11.58	-48.50	-161.50	-1.93	-97.71	-13.19
	(Increase)/decrease in long-term loans and advances	-1.78	34.21	-5.39	-6.67	-11.13	-31.46
	(Increase) in short-term loans and advances	18.25	-32.00	-63.49	13.79	-5.21	-6.26
	(Increase)/decrease in other current assets	-4.55	2.74	2.28	-7.82	-1.65	-14.06
	Decrease/(increase) in other non-current assets	-	-0.20	2.51	-10.31	-	-
	Cash generated from operations	**1053.10**	**925.43**	**391.05**	**559.30**	**303.58**	**444.28**
	Direct taxes paid (net of refunds)	-103.50	-107.50	-64.67	-62.59	-53.87	-61.53
	Net cash generated from operating activities (A)	**949.60**	**817.93**	**326.38**	**496.71**	**249.71**	**382.75**
B	**CASH FLOW USED IN INVESTING ACTIVITIES**						
	Purchase of fixed assets, including intangible assets and capital work in progress	-137.69	-295.08	-656.68	-686.97	-158.22	-257.60
	Proceeds from sale of fixed assets	-	0.72	0.82	0.54	1.66	1.79
	Payments towards investments in subsidiary	-	-	-2.23	-8.82	-	-
	Purchase of long term investments	-	-620.00	-	-0.01	-	-
	Payments towards investments in joint venture	-	-82.09	-20.21	-	-	-

	Particulars	Six months ended 30-Sept-2014	For the year ended				
			31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
	(Investment)/redemption of bank deposits (original maturity of more than three months)(net)	-468.18	82.70	368.32	-293.23	23.50	-103.25
	Advances given to/repaid by subsidiary (net)	-	-	0.66	-2.29	-	-
	Interest received	20.82	17.44	34.91	18.88	16.76	13.21
	Dividend received	0.02	0.02	0.01	0.01	0.01	0.03
	Net cash generated used in investing activities (B)	**-585.03**	**-896.29**	**-274.40**	**-971.89**	**-116.29**	**-345.82**
C	**CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES**						
	Proceeds from issuance of equity share capital	-	10.00	-	-	-	-
	Proceeds from long term borrowings	-	-	-	1244.32	521.02	392.45
	Repayment of long term borrowings	-132.98	-41.18	-195.11	-276.73	-521.63	-188.65
	Proceeds/(repayment) of short term borrowings (net)	-112.23	321.79	89.38	-108.90	72.92	15.74
	Redemption of preference shares (including premium)	-	-	-	-	-115.00	-120.00
	Early redemption charges on redemption of preference shares	-	-	-	-	-2.30	-2.34
	Interest paid	-40.16	-99.95	-119.75	-103.70	-71.66	-54.82
	Dividend paid on shares	-	-3.18	-3.09	-3.09	-26.96	-46.74
	Tax on dividend paid	-	-0.54	-0.50	-0.50	-4.48	-7.94
	Net cash generated from/(used in) financing activities (C)	**-285.37**	**186.94**	**-229.07**	**751.40**	**-148.09**	**-12.30**
D	**Net Increase/(decrease) in cash and bank balances(A+B+C)**	**79.20**	**108.58**	**-177.09**	**276.22**	**-14.67**	**24.63**
E	**Cash and cash equivalents at the beginning of the period/ year**	**220.93**	**120.81**	**297.01**	**20.34**	**35.62**	**10.99**
F	**Effect of exchange differences on restatement of foreign currency cash and bank balances**	-1.93	-8.46	0.89	0.45	-0.61	-
G	**Total cash and cash equivalents at the end of the period/ year (D+E+F)**	**298.20**	**220.93**	**120.81**	**297.01**	**20.34**	**35.62**

Components of cash and cash equivalents	Six months ended 30-Sept-2014	For the year ended				
		31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
Cash on hand	0.98	0.14	0.46	0.23	0.67	0.62
Balances with banks:						
-Current accounts	148.14	104.58	28.37	46.23	19.67	35.00
-Deposit accounts with original maturity of	149.08	116.21	91.98	250.55	-	-

Components of cash and cash equivalents	Six months ended 30-Sept-2014	For the year ended				
		31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
less than 3 months						
	298.20	**220.93**	**120.81**	**297.01**	**20.34**	**35.62**

Notes:

1. The above statement should be read with the notes to restated unconsolidated summary statements of assets and liabilities, profits and losses and cash flows as appearing in Annexure IV.

For S R B C & Co LLP
ICAI Firm Registration Number:324982E
Chartered Accountants

For and on behalf of Board of Directors of Precision Camshafts Limited

per Paul Alvares
Partner

Membership no: 105754

Place of Signature: Pune
Date: March 5, 2015

Yatin Shah
Managing Director
DIN:00318140

Place of Signature: Solapur
Date: March 5, 2015

Suhasini Shah
Whole Time Director
DIN:02168705

Place of Signature: Solapur
Date: March 5, 2015

Ravindra R Joshi
Director
DIN: 03338134

Place of Signature: Solapur
Date: March 5, 2015

ANNEXURE IV - NOTES ON MATERIAL ADJUSTMENTS

The summary of results of restatements made in the audited unconsolidated summary statements for the respective years and its impact on the profits of the Company is as follows:

(Rs.in million)

	Particulars	**Six months ended 30-Sept-2014**	**For the year ended**				
			31-Mar-2014	**31-Mar-2013**	**31-Mar-2012**	**31-Mar-2011**	**31-Mar-2010**
A	**Net profit as per audited financial statements**	210.59	298.80	248.65	192.10	182.91	273.27
B	**Adjustments to net profit as per audited financial statements**						
	Prior period adjustments	159.52	-157.80	-	-	-6.35	-9.07
C	**Restated profit**	**370.11**	**141.00**	**248.65**	**192.10**	**176.56**	**264.20**

Notes:

The above statement should be read with the notes to restated unconsolidated summary statements of assets and liabilities, profits and losses and cash flows as appearing in Annexure IV.

1) **Prior period items**

In the financial statements for the years ended March 31, 2011,March 31, 2010 and period ended September 30,2014 , certain items of income/expenses have been identified as prior period adjustments. These adjustments were recorded in the year when identified. However, for the purpose of Restated Unconsolidated Summary Statements, such prior period adjustments have been appropriately adjusted in the respective years to which the transactions pertain to.
The details of such prior period adjustments are as under:

(Rs.in million)

Particulars	**Six months ended 30-Sept-2014**	**For the year ended**				
		31-Mar-2014	**31-Mar-2013**	**31-Mar-2012**	**31-Mar-2011**	**31-Mar-2010**
Tooling income	-	-	-	-	-	-13.70
Foreign exchange gain	-	-	-	-	-4.63	4.63
Employee stock option expenses	157.80	-157.80	-	-	-	-
Current taxes	1.72	-	-	-	-1.72	-
Total	**159.52**	**-157.80**	**-**	**-**	**-6.35**	**-9.07**

2) Material Regrouping

With effect from April 1, 2011, revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company for preparation and presentation of its financial statements. The adoption of Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it had significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the figures for the previous years ended March 31, 2011 and March 31, 2010 in accordance with the requirements applicable for the year ended March 31, 2012.

Appropriate adjustments have been made in the Restated Unconsolidated Summary Statements of Assets and Liabilities, Profit and Losses and Cash Flows, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited financials of the Company as at and for the six month period ended September 30, 2014, prepared in accordance with Schedule III and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 (as amended).

3) Restatement adjustments made in the audited opening balance figure in the net surplus in the Statement of Profit and Loss for the year ended 'March 31, 2010

(Rs.in million)

Particulars	Amount
Net surplus in the statement of profit and loss as at April 1, 2009 as per audited financial statements	115.25
Adjustments	
Prior period income (refer note 1 above)	13.70
Net surplus in the statement of profit and loss as at April 1, 2009 as per audited financial statements, as restated	**128.95**

4) Non-adjusting items

Certain qualifications in the Annexure to the Auditor’s report on the financial statements for the years ended March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 March 31, 2010 which do not require any quantitative adjustment in the restated unconsolidated summary statements are as follows:

(i) The annexure to the audit report for the years ended March 31, 2014, 2013, 2012, 2011 and 2010 included a qualification in respect of non payment of certain disputed statutory dues.

(ii) The annexure to the audit report for the years ended March 31, 2014 and 2013 included a qualification in respect of our inability to comment on certain transactions entered into during the financial year in pursuance of contracts or arrangements as per Section 301 of the Companies Act, 1956 as to whether such transactions have been made at the prevailing market prices at the relevant time, due to the unique and specialized nature of items involved and absence of comparable prices.

PRECISION CAMSHAFTS LIMITED
ANNEXURE V – NOTES TO RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, STATEMENT OF PROFIT AND LOSS AND STATEMENT OF CASH FLOWS

1. Corporate information

Precision Camshafts Limited ('the Company') is primarily engaged in the manufacture and sale of camshaft castings and machined camshafts to the Auto industry and the Railways.

2. Basis of preparation

The Restated Unconsolidated Summary Statement of Assets and Liabilities of the Company as at September 30, 2014, March 31, 2014, 2013, 2012, 2011 and 2010 and the related Restated Unconsolidated Summary Statements of Profits and Losses and Cash Flows for the six months ended September 30,2014 and for the years ended March 31, 2014, 2013, 2012, 2011 and 2010 [hereinafter collectively referred to as ('Restated Unconsolidated Summary Statements')] have been compiled by the management from the interim condensed unconsolidated financial statements for the six months ended September 30, 2014 and from the unconsolidated financial statements of the Company for the years ended March 31, 2014, 2013, 2012, 2011 and 2010.

The Interim condensed unconsolidated financial statements of the Company for the six months period ended September 30, 2014 and unconsolidated financial statements of the Company for the years ended March 31, 2014, 2013, 2012, 2011 and 2010 have been prepared in accordance with accounting principles generally accepted in India (Indian GAAP). The Company has prepared these Unconsolidated Financial Statements to comply in all material respects with the accounting standards . The Unconsolidated Financial Statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous years.

The Restated Unconsolidated Summary Statement of Assets and Liabilities of the Company as at September 30, 2014, March 31, 2014, 2013, 2012, 2011 and 2010 and the related restated unconsolidated summary statement of profits and losses and cash flows for the six months period ended September 30, 2014 and for the years ended March 31, 2014, 2013, 2012, 2011 and 2010 (hereinafter collectively referred to as "Restated unconsolidated summary statements") relate to the Company and have been prepared specifically for the purpose of inclusion in the offer document to be filed by the Company with the Securities and Exchange Board of India ("SEBI") in connection with proposed Initial Public Offering of its equity shares.

These Restated Unconsolidated Summary Statements of assets and liabilities, profits and losses and cash flows have been prepared by the Company to comply in all material respects with the requirements of Sub-clause (i), (ii) and (iii) of clause (b) of Sub-section (1) of Section 26 of Chapter III of The Companies Act, 2013 ("the Act") read with rules 4 of Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (" SEBI ICDR Regulations") issued by SEBI on August 26, 2009 as amended from time to time**.**

3. Summary of significant accounting policies

(i) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(ii) Change in accounting estimate

Pursuant to the Companies Act, 2013 ('the Act') being effective from April 1, 2014, the Company has revised the depreciation rates on its fixed assets as per the useful lives specified in Part C of the Schedule II of the Act. As a result of this change, the depreciation charge for the six months period September 30, 2014 is higher by Rs.51.6 million. In respect of assets whose useful life is already exhausted as on April 1,2 014, depreciation of Rs. 21.70 million (net of deferred tax impact of Rs.11.17 million) has been adjusted in surplus in statement of profit and loss in accordance with the requirement of Schedule II of the Act.

(iii) Tangible fixed assets

Fixed assets, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

From 1 April 2011, the Company adjusts exchange differences arising on translation/settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with MCA circular dated 9 August 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the construction costs to the extent the expenditure can be attributable to construction activity or is incidental there to. Income earned during the construction period is deducted from the total of the indirect expenditure.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

(iv) Depreciation on tangible fixed assets and amortisation of intangible assets

Depreciation is provided using the straightline method as per the useful lives of assets estimated by the management, or at the rates as per the useful life prescribed under Schedule II of the Act (from April 1, 2014) and at the rates prescribed under Schedule XIV of the Companies Act, 1956 (from April 1, 2009 to March 31, 2014), whichever is higher.

The Company has used the following rates to provide depreciation on its fixed assets:

Description of asset group	Useful lives as per management's estimate from April 1, 2014	Useful lives as per management's estimate from April 1, 2009 to March 31, 2014
Buildings	30-60 years	30-60 years
Internal roads	5-10 years	30-60 years
Plant & equipments	3-7.5 years	3-10 years
Office equipments	5 years	15-16 years
Furniture & fixture	5 years	9-10 years
Vehicles	8 years	10-11 years
Computers	3 years	6 years

Cost of leasehold land is amortised over the period of lease i.e, 90 years.

(v) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible asset in the nature of computer software are amortized over a period of two years on a straightline basis from the date the asset is available to the Company for its use. Intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

(vi) Leases

Where the Company is lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(vii) Borrowing costs

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. Ancilliary costs incurred in connection with arrangement of long term borrowings are amortised over the period of the respective long term borrowing. All other borrowing costs are expensed in the period they occur.

(viii) Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognised in the statement of profit and loss.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

(ix) Investments

Investments, which are readily realisable and 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.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(x) Inventories

Raw materials, components, stores and spares and packing materials are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components, stores and spares and packing material is determined on a weighted average basis.

Semi-finished goods and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods is determined on a weighted average basis and includes excise duty.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(xi) Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Income from services

Revenue from services is recognised as and when services are rendered. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Tooling Income

Tooling income is recognized when the tool has been developed and necessary completion approvals have been received from customers.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Dividends

Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.

Export Benefits

Export incentive benefits, by way of Duty Entitlement Pass Book Scheme (DEPB) and Focus Product Scheme (FPS) are recognized as income on the basis of receipt of proof of export.

xii) **Foreign currency translation**

Foreign currency transactions and balances

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

Exchange differences

From April 1, 2011, the Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

1) Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalised and depreciated over the remaining useful life of the asset.

2) Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortised over the remaining life of the concerned monetary item.

3) All other exchange differences are recognised as income or as expenses in the period in which they arise.

For the purpose of 1 and 2 above, the Company treats a foreign currency monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated 09 August 2012 , exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/liability

The premium or discount arising at the inception of forward exchange contract is amortised and recognised as an expense/ income over the life of the contract. Exchange differences on such contracts, are recognised in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or as expense for the period. Any gain/ loss arising on forward contracts which are long-term foreign currency monetary items is recognized in accordance with paragraph (iii)(1) and (iii)(2).

xiii) **Retirement and other employee benefits**

Retirement benefit in the form of provident fund and superannuation fund are defined contribution schemes. The contributions to the provident fund and superannuation fund are charged to the statement of profit and loss for the year when the employee renders the related service. The Company has no obligation, other than the contribution payable to the provident fund and superannuation fund.

The Company operates a defined benefit plan in the form of gratuity for its employees. The cost of providing benefits under the plan is determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses for the defined benefit plan are recognised in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method as at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

xiv) **Income Tax**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

In the situations where the Company is entitled to a tax holiday, no deferred tax (asset or liability) is recognised in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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 tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

xv**) Earning Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

xvi) **Provisions**

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss, net of any reimbursement.

xvii) **Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

xviii) **Employee stock compensation cost**

Measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India (‘ICAI’). The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

xix) **Cash and cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise of cash at bank and in hand and short-term investments with an original maturity of three months or less.

PRECISION CAMSHAFTS LIMITED
ANNEXURE VI – RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF RESERVES AND SURPLUS

(Rs.in million)

Particulars	Six months ended 30-Sept-2014	For the year ended				
		31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
Capital reserve						
SICOM capital incentive subsidy	2.50	2.50	2.50	2.50	2.50	2.50
Closing balance	**2.50**	**2.50**	**2.50**	**2.50**	**2.50**	**2.50**
Securities premium						
Balance as per last financial statements	588.23	87.43	87.43	87.43	102.57	119.76
Add: Additions on stock options excercised (Note 1)	-	500.80	-	-	-	-
Less: Utilised for premium on redemption of preference shares	-	-	-	-	15.14	17.19
Closing balance	**588.23**	**588.23**	**87.43**	**87.43**	**87.43**	**102.57**
General reserve						
Balance as per last financial statements	55.72	55.72	55.72	55.72	55.72	35.22
Add transfer from statement of profit and loss	-	-	-	-	-	20.50
Closing balance	**55.72**	**55.72**	**55.72**	**55.72**	**55.72**	**55.72**
Capital redemption reserve						
Balance as per last financial statements	180.77	180.77	180.77	180.77	92.31	-
Add: transfer from statement of profit and loss (Note 3)	-	-	-	-	88.46	92.31
Closing balance	**180.77**	**180.77**	**180.77**	**180.77**	**180.77**	**92.31**
Employee stock option outstanding						
Balance as per last financial statements	-	-	-	-	-	-
Add: Gross compensation for stock options granted (Note 1)	-	500.80	-	-	-	-
Less: Transferred to securities premium account on exercise of stock options (Note 1)	-	500.80	-	-	-	-
Closing Balance	-	-	-	-	-	-
Preference share redemption reserve						
Balance as per last financial statements	-	-	-	-	11.40	16.24
Add: Transferred from statement of profit and loss	-	-	-	-	-	5.66
Less: Utilised for redemption of preference shares	-	-	-	-	11.40	10.50

Particulars	Six months ended 30-Sept-2014	For the year ended				
		31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
Closing Balance	-	-	-	-	-	**11.40**
Surplus in the statement of profit and loss						
Balance as per last financial statements as restated	882.51	745.23	500.20	311.69	237.94	128.95
Profit for the period/year as restated	370.11	141.00	248.65	192.10	176.56	264.20
Less: Appropriations						
Proposed final equity dividend	-	3.18	3.09	3.09	3.09	3.09
Proposed final preference dividend	-	-	-	-	-	14.64
Dividend paid on preference shares	-	-	-	-	9.22	13.73
Tax on dividend	-	0.54	0.53	0.50	2.04	5.28
Transfer to preference share redemption reserve	-	-	-	-	-	5.66
Transfer to capital redemption reserve (Note 3)	-	-	-	-	88.46	92.31
Transfer to general reserve	-	-	-	-	-	20.50
Adjustment to net block of fixed assets (Note 2)	21.70	-	-	-	-	-
Total appropriations	**21.70**	**3.72**	**3.62**	**3.59**	**102.81**	**155.21**
Net surplus in the statement of profit and loss	**1,230.92**	**882.51**	**745.23**	**500.20**	**311.69**	**237.94**
Total Rs.	**2,058.14**	**1,709.73**	**1,071.65**	**826.62**	**638.11**	**502.44**

Notes:

1) During the year ended March 31, 2014, the board of directors approved the PCL Key Executives Stock Option Scheme 2014 (PCL KESOS 2014), an equity settled share based payment plan, for issue of stock options to the key employees and directors of the Company. According to the PCL KESOS 2014, the employee selected by the remuneration committee will be entitled to options. The contractual life (comprising the vesting period and the exercise period) of options granted is 30 days. The other relevant terms of the grant were:

Date of share holders approval	30 January 2014
Number of options granted during FY 2014	100,000
Number of options granted during FY 2014	100,000
Outstanding at the end of the year	-
Exercisable at the end of the year	-
Exercise price per option	5,108
Method of settlement	Equity

The options are vested immediately and should be exercised within 30 days from the vesting date. The compensation costs of PCL KESOS 2014 charged during the year ended March 31, 2014 amounted to Rs. 500.80 million. As the entire options were exercised during the year; the entire cost was recognised during the year ended March 31, 2014; and there were no costs pending to be deferred as at March 31, 2014.

2) Refer Note 3 (ii) Change in accounting estimates for details.

3) The Company had issued 1,807,692 16.55% optionally convertible redeemable cumulative preference shares of Rs.100 each fully paid at a premium of Rs.30 each during FY 2007-08 to Tata Capital Limited. These preference shares were redeemable at premium of Rs. 30 at redemption date for each series or if Company fails to pay dividend for two consecutive years and/or to redeem the preference shares as on redemption date these preference shares will get converted into equity share capital at book value as of previous year end or at premium of Rs.1500 per share whichever is lower, in accordance with the shareholders agreement entered between the Company, promoters of the Company and Tata Capital Limited on September 28, 2007.

   The Company opted for an early redemption as a result of which 884,616 preference shares and 923,076 preference shares were redeemed during the years ended March 31, 2011 and March 31, 2010 respectively, at a premium of Rs.30 each. The Company paid an amount of Rs.2.4 million and Rs.2.3 million as early redemption charges during the years ended March 31, 2011 and March 31, 2010 as per the shareholders agreement referred above.

   Further, an amount equivalent to the nominal value of preference shares redeemed were transferred to the capital redemption reserve during the years ended March 31, 2011 and March 31, 2010; in accordance with the requirements of Section 80 of the Companies Act, 1956.

4) The figures disclosed above are based on the restated unconsolidated summary statement of assets and liabilities of the Company.

5) 'The above statement should be read with the notes to restated unconsolidated summary statements of assets and liabilities, profits and losses and cash flows as appearing in Annexure IV.

PRECISION CAMSHAFTS LIMITED

ANNEXURE VII – RESTATED UNCONSOLIDATED STATEMENT OF LONG TERM BORROWING

(Rs.in million)

Particulars	As at					
	30-Sept-2014	**31-Mar-2014**	**31-Mar-2013**	**31-Mar-2012**	**31-Mar-2011**	**31-Mar-2010**
Secured Borrowings						
Rupee term loans from banks (Notes 2 and 3)						
Non-current portion	-	-	101.71	197.89	187.72	388.50
Current maturities	-	-	88.43	101.42	101.29	136.15
	-	**-**	**190.14**	**299.31**	**289.01**	**524.65**
Foreign currency term loans from banks (Notes 2 and 4)						
Non-current portion	1,127.60	1,244.24	1,152.24	1,169.41	198.85	-
Current maturities	294.42	342.61	122.00	65.19	47.50	-
	1,422.02	**1,586.85**	**1,274.24**	**1,234.60**	**246.35**	**-**
Vehicle loans from banks (Note 5)						
Non-current portion	-	-	1.67	3.78	0.81	3.39
Current maturities	0.16	1.68	2.81	4.02	2.53	2.83
	0.16	**1.68**	**4.48**	**7.80**	**3.34**	**6.22**
Total secured borrowings	**1,422.18**	**1,588.53**	**1,468.86**	**1,541.71**	**538.70**	**530.87**
Unsecured borrowings						
Loan from Tata Capital Limited (Notes 1 and 6)						
Non-current portion		-	-	20.83	-	-
Current maturities			20.83	25.00		
	-	**-**	**20.83**	**45.83**	**-**	**-**
Fixed deposits from shareholders (Note 7)						
Non-current portion	-	3.10	32.90	0.50	4.50	3.98
Current maturities	3.10	30.00	0.50	1.20	1.98	1.30
	3.10	**33.10**	**33.40**	**1.70**	**6.48**	**5.28**
Fixed deposits from others (Notes 1 and 7)						
Non-current portion	-		-	30.00	19.08	31.31

Particulars	As at					
	30-Sept-2014	**31-Mar-2014**	**31-Mar-2013**	**31-Mar-2012**	**31-Mar-2011**	**31-Mar-2010**
		-				
Current maturities	30.00	-	-	23.66	11.20	6.92
	30.00	**-**	**-**	**53.66**	**30.28**	**38.23**
Fixed deposits from directors (Notes 1 and 7)						
Non-current portion	-	-	-	-	1.60	2.38
Current maturities	-	-	-	-	1.48	1.60
	-	**-**	**-**	**-**	**3.08**	**3.98**
Loans from corporates						
Non-current portion	-	-	-	-	-	-
Current maturities	-	-	-	-	-	0.02
	-	**-**	**-**	**-**	**-**	**0.02**
Total unsecured borrowings	**33.10**	**33.10**	**54.23**	**101.19**	**39.84**	**47.51**
Less : Current maturities disclosed under the head "Other current liabilities"	**327.68**	**374.29**	**234.57**	**220.49**	**165.98**	**148.82**
Total long term borrowings	**1,127.60**	**1,247.34**	**1,288.52**	**1,422.41**	**412.56**	**429.56**

Notes:

1) Loan from Directors/Promoters/Promoter Group Companies/Relatives of Promoters/Relatives of Directors/ Entities having significant influence.

(Rs.in million)

Particulars	As at					
	30-Sept-2014	**31-Mar-2014**	**31-Mar-2013**	**31-Mar-2012**	**31-Mar-2011**	**31-Mar-2010**
Entities having significant influence						
Tata Capital Limited	-	-	20.83	45.83	-	-
Directors						
Yatin S. Shah jointly with Dr.Suhasini Y. Shah	-	-	-	-	2.40	2.70
Jayant V. Aradhye	-	-	-	-	-	0.60
Subhash R. Shah	-	-	-	-	0.68	0.68
	-	-	-	-	3.08	3.98
Others						
Dr. Manjiri V Chitale jointly with Dr.Vinayak Chitale	0.60	0.60	-	-	-	-

Particulars	As at					
	30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
Dr Vinayak Chitale jointly with Dr.Manjiri Chitale	0.60	0.60	-	-	-	-
Karan Y. Shah	1.05	1.05	1.05	1.05	1.05	1.05
Tanvi Y Shah (initally in the name of Urmila Shah jointly with Tanvi Y. Shah)	0.65	0.65	0.65	0.65	1.48	1.48
Dr Vinayak Chitale jointly with Dr.Manjiri Chitale	0.20	0.20	-	-	-	-
Urmila Shah	-	-	0.10	0.10	0.20	0.20
Dr. Suhasini Y. Shah	-	-	-	-	1.20	1.20
Yatin S. Shah (HUF)	-	-	-	-	0.30	0.30
	3.10	**3.10**	**1.80**	**1.80**	**4.23**	**4.23**
	3.10	**3.10**	**22.63**	**47.63**	**7.31**	**8.21**

2) Key terms and break down of the term loans outstanding are as follows:

(Rs.in million)

Particulars	As at					
	30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
Non-current portion						
Foreign Currency Term Loan 1 BOB	482.20	521.16	560.16	545.59	-	-
Foreign Currency Term Loan 2 BOB	152.30	158.46	-	-	-	-
Foreign Currency Term Loan 4 BOB	10.90	-	-	-	-	-
Foreign Currency Term Loan 2 BOI	482.20	521.16	560.16	545.59	-	-
Subtotal (A)	1,127.60	1,200.78	1,120.32	1,091.18	-	-
Current maturities						
Foreign Currency Term Loan 1 BOB	102.01	96.40	40.99	19.26	-	-
Foreign Currency Term Loan 2 BOB	28.21	34.95	-	-	-	-
Foreign Currency Term Loan 3 BOB	17.07	-	-	-	-	-
Foreign Currency Term Loan 4 BOB	39.90	-	-	-	-	-
Foreign Currency Term Loan 1 BOI	5.22	27.43	-	-	-	-
Foreign Currency Term Loan 2 BOI	102.01	96.40	40.99	19.26	-	-
Subtotal (B)	294.42	255.18	81.98	38.52	-	-
Total (A+B)	**1422.02**	**1455.96**	**1202.30**	**1129.70**	**0.00**	**-**

3) Rupee term loans

Rupee term loans were secured by first pari passu charge by way of hypothecation of plant and machinery and equitable mortgage of factory land and building situated at three locations, namely Plot No D5, MIDC Chincholi, Solapur; Unit I situated at Plot No. E-102, 103, Akkalkot Road, MIDC, Solapur and Unit II situated at Plot No. E-90, Akkalkot Road, MIDC, Solapur. Further, the loans were collaterally secured by way of extension of pari passu charge on current assets. Also, the loans were guaranteed by the personal guarantee of directors, Yatin S. Shah and Dr. Suhasini Y. Shah. The tenure of rupee term loan ranges from 2 to 5 years.

There are no penalties or any event of default in regard to the above rupee term loans during the periods disclosed above.

4) Foreign currency term loans

Foreign currency term loan carries interest at the rate of LIBOR plus 380 bps p.a. The tenure of the loan is 7 years and the loan is repayable in 20 quarterly installments commencing after 24 months of the weighted average draw down date. The loan is secured by pari passu charge on all moveable and immoveable fixed assets and that created by the proposed loan and also all future fixed assets, mortgage of Plot No. D-7, MIDC Chincholi, Solapur. The loans has been secured by the personal guarantee of directors, Yatin S. Shah and Dr. Suhasini Y. Shah.

Foreign currency term loan 1 BOB having interest rate of LIBOR plus 380 bps p.a. was repayable in 20 variable installments along with interest commencing from October 2013.

Foreign currency term loan 2 BOB having interest rate of LIBOR plus 345 bps p.a. was repayable in 20 variable installments along with interest commencing from October 2013.

Foreign currency term loan 3 BOB having interest of LIBOR plus 650 bps p.a. was in 8 installments of Rs. 3.34 million each along with interest commencing from May 2014.

Foreign currency term loan 4 BOB having interest of LIBOR plus 650 bps p.a. was in 17 installments of Rs. 3.34 million each along with interest commencing from May 2014.

Foreign currency term loan 1 BOI having interest of LIBOR plus 650 bps p.a. was in 5 installments of Rs. 9.38 million each along with interest commencing from December 2013.

Foreign currency term loan 2 BOI having interest rate of LIBOR plus 380 bps p.a. was repayable in 20 variable installments along with interest commencing from October 2013.

There are no penalties or any event of default in regard to the above foreign currency term loans during the periods disclosed above.

5) Key terms and break down of vehicle loans outstanding are as follows:

(Rs.in million)

Particulars	As at					
	30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
Current maturities Vehicle Loan 1 from BOB	0.16	1.68	2.81	3.20	-	-
Total	**0.16**	**1.68**	**2.81**	**3.20**	**-**	**-**

Vehicle loans from banks are secured against the respective vehicles purchased. The tenure of loans range from 3 to 4 years.

Vehicle loan 1 from BOB is having interest of 12.25 % p.a. repayable in 36 monthly installments.

6) Loan from Tata Capital Limited carried interest at the rate of Long Term Lending Rate minus 4.00% i.e. 14.00% p.a. floating interest rate. The loan was repayable in 24 monthly installments of Rs. 2,083,400 along with interest; and was guaranteed by the personal guarantee of directors, Yatin S. Shah and Dr. Suhasini Y. Shah.

7) Deposits from shareholders, directors and others carry interest at the rate of 12.00% p.a. and are repayable after 3 years from the respective dates of deposit. The Company has classified deposits amounting to Rs.3.1 million as current maturities during the six month period ended September 30, 2014 in accordance with the requirements of Section 74 of the Companies Act, 2013, which is effective from April 1, 2014.

8) The figures disclosed above are based on the restated unconsolidated summary statement of assets and liabilities of the Company.

9) The above statement should be read with the notes to restated unconsolidated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV & V.

10) List of persons/entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

PRECISION CAMSHAFTS LIMITED
ANNEXURE VIII – RESTATED UNCONSOLIDATED STATEMENT OF LONG TERM AND SHORT TERM PROVISIONS

A) LONG TERM PROVISIONS

(Rs.in million)

Particulars	As at					
	30-Sept-2014	**31-Mar-2014**	**31-Mar-2013**	**31-Mar-2012**	**31-Mar-2011**	**31-Mar-2010**
Provision for employee benefits						
Provision for gratuity	-	-	3.24	-	-	0.11
Total	**-**	**-**	**3.24**	**-**	**-**	**0.11**

B) SHORT TERM PROVISIONS

(Rs.in million)

Particulars	As at					
	30-Sept-2014	**31-Mar-2014**	**31-Mar-2013**	**31-Mar-2012**	**31-Mar-2011**	**31-Mar-2010**
Provision for employee benefits						
Provision for gratuity	-	-	6.83	-	1.75	2.82
Provision for leave benefits	30.37	22.52	19.15	15.97	14.05	7.05
Other provisions						
Provision for income tax (net of advance taxes)	201.13	76.78	19.59	11.44	5.03	5.32
Provision for proposed dividend on equity shares	3.18	3.18	3.09	3.09	3.09	3.09
Proposed dividend on preference shares	-	-	-	-	-	14.64
Provision for tax on proposed dividend on equity and preference shares	0.54	0.54	0.53	0.50	0.50	2.95
Total	**235.22**	**103.02**	**49.19**	**31.00**	**24.42**	**35.87**

Notes:

1) The figures disclosed above are based on the unconsolidated summary statement of assets and liabilities of the Company.

2) The above statement should be read with the notes to restated unconsolidated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV & V.

PRECISION CAMSHAFTS LIMITED
ANNEXURE IX – RESTATED UNCONSOLIDATED STATEMENT OF SHORT TERM BORROWINGS

(Rs.in million)

Particulars	As at					
	30-Sept-2014	**31-Mar-2014**	**31-Mar-2013**	**31-Mar-2012**	**31-Mar-2011**	**31-Mar-2010**
Secured borrowings						
Cash credit from banks	14.05	46.20	46.89	44.35	51.73	36.91
Overdraft against fixed deposits	-	-	-	-	10.06	-
Foreign bills purchased	-	-	-	63.31	164.63	-
Packing credit loans in Indian rupees	-	38.47	25.84	46.57	36.71	55.28
Packing credit loans in foreign currency	386.02	437.44	170.87	-	-	-
Total	**400.07**	**522.11**	**243.60**	**154.23**	**263.13**	**92.19**

Notes:

1) The figures disclosed above are based on the restated unconsolidated summary statement of assets and liabilities of the Company.

2) The above statement should be read with the notes to restated unconsolidated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV & V.

3) Cash credit from banks, foreign bills purchased and packing credit loans are secured by first pari passu charge by way of hypothecation of current assets including stocks and book debts. Further, the facilities are collaterally secured by extension of pari passu charge by way of hypothecation of plant and machinery and equitable mortgage of factory land and building situated at Plot No.s D5, MIDC Chincholi, Solapur, Unit I situated at Plot No. E-102, 103, Akkalkot Road, MIDC, Solapur and Unit II situated at Plot No. E-90, Akkalkot Road, MIDC, Solapur. Also, the facilities have been secured by the personal guarantee of directors, Yatin S. Shah and Dr. Suhasini Y. Shah.

4) Key terms of borrowings outstanding as at September 30,2014 are as follows:
Cash credit from banks is repayable on demand and carries interest at the rate of 11.70% to 15.50% p.a.
Packing credit loans in foreign currency carries interest at the rate of 2.82% to 3.89% p.a.

5) There are no unsecured loans taken from Directors/Promoters/Promoter Group/Relatives of Promoters/Relatives of Directors/subsidiary companies/entities having significant influence.

6) List of persons/entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

PRECISION CAMSHAFTS LIMITED
ANNEXURE X – RESTATED UNCONSOLIDATED STATEMENT OF TRADE PAYABLES AND OTHER CURRENT LIABILITES

(Rs.in million)

Particulars	As at					
	30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
Trade payables (Note 3)	601.10	588.13	559.37	338.93	416.67	330.00
	601.10	**588.13**	**559.37**	**338.93**	**416.67**	**330.00**
Other current liabilities						
Current maturities of long-term borrowings (Refer Annexure VII)	327.68	374.29	234.57	220.49	165.98	148.82
Interest accrued but not due on borrowings	10.00	10.91	8.27	7.46	-	0.02
Interest accrued and due on borrowings (Note 3)	-	-	1.47	2.37	7.11	-
Unpaid matured deposits and interest accrued thereon	13.73	13.73	13.73	13.73	6.60	5.67
Advances from customers (Note 3)	22.81	58.31	16.52	29.97	30.85	38.41
Sundry creditors for capital goods purchased (Note 3)	30.12	37.97	154.64	111.02	44.64	-
Employee benefits payable (Note 3)	121.82	90.74	25.79	34.44	37.40	7.32
Book overdraft	26.67	9.77	95.86	52.89	44.82	27.08
Tax deducted at source payable	1.03	34.66	7.21	15.47	13.46	6.26
Value Added tax payable	0.01	0.01	0.01	-	-	-
Others	83.06	15.59	9.91	9.95	2.50	28.17
Total other current liabilities	**636.93**	**645.98**	**567.98**	**497.79**	**353.36**	**261.75**
Total	**1,238.03**	**1,234.11**	**1,127.35**	**836.72**	**770.03**	**591.75**

Notes:

1) The figures disclosed above are based on the restated standalone summary statement of assets and liabilities of the Company.

2) The above statement should be read with the notes to restated unconsolidated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV & V.

3) Following are the amounts due to Directors/Promoters/Promoter Group/Relatives of Promoters/Relatives of Directors/ Entities having significant influence/subsidiary / joint ventures

(Rs.in million)

Particulars	As at					
	30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
Trade payables						
Cams Technology Limited	1.17	0.84	-	-	-	-
Chitale Clinic Private Limited	-	-	0.02	-	-	-

Particulars	As at					
	30-Sept-2014	**31-Mar-2014**	**31-Mar-2013**	**31-Mar-2012**	**31-Mar-2011**	**31-Mar-2010**
Interest accrued and due on borrowings						
Tata Capital Limited	-	-	0.18	0.39	-	-
Advance from customer						
Ningbo Shenglong PCL Camshaft Co. Ltd	-	19.81	-	-	-	-
Sundry creditors for capital goods purchased						
Kimaya Construction Private Limited	1.43	-	45.25	35.07	-	-
Employee benefits payable						
Yatin S. Shah	32.62	54.00	17.36	34.44	32.38	-
Dr. Suhasini Y. Shah	12.71	14.00	-	-	-	-
Ravindra R. Joshi	25.59	22.74	-	-	-	-
	73.52	**111.39**	**62.81**	**69.90**	**32.38**	**-**

4) List of persons/entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

PRECISION CAMSHAFTS LIMITED
ANNEXURE XI – RESTATED UNCONSOLIDATED STATEMENT OF NON-CURRENT INVESTMENTS

(Rs.in million)

Particulars	As at					
	30-Sept-2014	**31-Mar-2014**	**31-Mar-2013**	**31-Mar-2012**	**31-Mar-2011**	**31-Mar-2010**
Trade investments-unquoted, valued at cost						
Equity investments						
Investment in subsidiary (Note 2)						
PCL (Shanghai) Co. Ltd., China	11.05	11.05	11.05	6.86	-	-
Investment in joint ventures (Note 3)						
Ningbo Shenglong PCL Camshafts Co. Ltd., China	20.21	20.21	20.21	-	-	-
Pcl Shenglong (Huzhou) Specialised Casting Co. Ltd., China	82.09	82.09	-	-	-	-
Non-trade investments - unquoted, valued at cost						
Equity shares of Laxmi Co-op. Bank Limited	0.13	0.13	0.13	0.13	0.13	0.13
Equity shares of Solapur Janata Sahakari Bank Limited*	0.01	0.01	0.01	0.01	-	-
Unquoted preference shares						
Cams Technology Limited (Note 1)	620.00	620.00	-	-	-	-
Aggregate value of non-current, unquoted investments	**733.49**	**733.49**	**31.40**	**7.00**	**0.13**	**0.13**

* Amount of investments below Rs.0.01 million

Notes:

1) **Investment in Cams Technology Limited**
The Company holds 6,20,00,000 5% redeemable non convertible preference shares of Cams Technology Limited (CTL) as at September 30, 2014. These preference shares were issued on August 17, 2013 as optionally fully convertible non cumulative preference shares, the terms of which, subsequently, pursuant to a resolution passed in the class meeting of preference shareholders on April 1, 2014, were altered to 5% redeemable non convertible preference shares.

The Management of the Company, based on a legal opinion is of the view that CTL is not a subsidiary under the provisions of the Companies Act, 2013. Accordingly, the accounting treatment and disclosures in the financial statements for the above periods have been made assuming that CTL is not a subsidiary.

2) **Investments in PCL (Shanghai) Co. Ltd**
PCL (Shanghai) Co.Ltd, China is a wholly owned subsidiary, set up during the year ended March 31, 2012; and is engaged in the business of trading of casting camshafts.

3) **Investments in joint ventures**

Ningbo Shenglong PCL Camshafts Co. Ltd., China (NSPCCL)
The Company holds 22.5% of the equity capital of NSPCCL as at September 30, 2014. NSPCCL was set up in accordance with a joint venture arrangement entered into by the Company with Shenglong Automotive Power Train Co. of Ningbo, China on February 2012, as a machining facility for camshafts in China. The Company initially held a share of 10% in NSPCCL, which has been increased to 22.5% during the period ended September 30, 2014 without payment of any additional consideration, by virtue of a revised joint venture arrangement during April 2014.

PCL Shenglong (Huzhou) Specialised Casting Co. Ltd., China (PSHSCCL)
The Company holds 40% of the equity capital of PSHSCCL as at September 30, 2014. PSHSCCL was set up in accordance with a joint venture arrangement entered into by the Company with Shenglong Automotive Power Train Co. of Ningbo, China and ZMM Technology Ltd, British Virgin Islands on September 2013, as a manufacturing facility for casting camshafts in China.

4) The investments are in the name of the Company.

5) The figures disclosed above are based on the restated unconsolidated summary statement of assets and liabilities of the Company.

6) The above statement should be read with the notes to restated unconsolidated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV & V.

PRECISION CAMSHAFTS LIMITED
ANNEXURE XII – RESTATED UNCONSOLIDATED STATEMENT OF LONG TERM LOANS AND ADVANCES AND OTHER NON-CURRENT ASSETS

(Rs.in million)

Particulars	As at					
	30-Sept-2014	**31-Mar-2014**	**31-Mar-2013**	**31-Mar-2012**	**31-Mar-2011**	**31-Mar-2010**
A. Long term loans and advances						
Unsecured, considered good						
Capital advances (Note 3)	49.61	28.12	64.20	134.51	6.47	55.94
Security deposit	17.13	16.68	16.19	15.65	6.23	5.70
Loans and advances to related parties						
Share application money in subsidiary pending allotment (Note 3)	-	-	-	1.96	-	-
Advances recoverable in cash or kind or for value to be received	6.01	4.68	6.75	4.67	7.79	1.56
Other loans and advances						
Income tax deposited with tax authorities	2.89	8.40	4.95	1.95	1.60	1.45
Balances with statutory/government authorities	-	-	-	-	-	-
Other advances	1.21	1.21	1.21	1.21	1.21	1.21
Total long term loans and advances (A)	**76.85**	**59.09**	**93.30**	**159.95**	**23.30**	**65.86**
B. Other non-current assets						
Unsecured, considered good						
Non-current bank balances	21.26	22.83	19.31	39.50	62.16	6.15
Unamortised expenditure (ancillary cost of borrowings)	3.90	5.08	8.40	10.31	-	-
Total other non-current assets (B)	**25.16**	**27.91**	**27.71**	**49.81**	**62.16**	**6.15**

Notes:

1) The figures disclosed above are based on the restated standalone summary statement of assets and liabilities of the Company.

2) The above statement should be read with the notes to restated unconsolidated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV & V.

3) Following are the amounts due from Directors/Promoters/Promoter Group/Relatives of Promoters/Relatives of Directors/ Entities having significant influence/subsidiary / joint ventures

(Rs.in million)

Particulars	As at					
	30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
Capital advances						
Kimaya Construction Private Limited	-	-	33.42	22.17	-	-
Loans and advances to related parties						
PCL (Shanghai) Co. Ltd	-	-	-	1.96	-	-
Total	**-**	**-**	**33.42**	**24.13**	**-**	**-**

4) List of persons/entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

PRECISION CAMSHAFTS LIMITED
ANNEXURE XIII – RESTATED UNCONSOLIDATED STATEMENT OF CURRENT TRADE RECEIVABLES

(Rs.in million)

Particulars	As at					
	30-Sept-2014	**31-Mar-2014**	**31-Mar-2013**	**31-Mar-2012**	**31-Mar-2011**	**31-Mar-2010**
Outstanding for a period exceeding six months from the date they are due for payment						
Unsecured, considered good	1.30	0.71	-	-	-	15.10
Considered doubtful	4.43	5.83	0.14	19.36	1.31	3.54
	5.73	**6.54**	**0.14**	**19.36**	**1.31**	**18.64**
Less: Provision for doubtful receivables	4.43	5.83	0.14	19.36	1.31	3.54
(A)	**1.30**	**0.71**	**-**	**-**	**-**	**15.10**
Other receivables (less than six months)						
Unsecured, considered good	902.99	1,123.95	836.77	561.50	685.12	401.62
Considered doubtful	8.97	6.38	21.02	0.50	2.68	2.59
	911.96	**1,130.33**	**857.79**	**562.00**	**687.80**	**404.21**
Less: Provision for doubtful receivables	8.97	6.38	21.02	0.50	2.68	2.59
(B)	**902.99**	**1,123.95**	**836.77**	**561.50**	**685.12**	**401.62**
Total (A+B) Current trade receivables	**904.29**	**1,124.66**	**836.77**	**561.50**	**685.12**	**416.72**

Notes:

1) The figures disclosed above are based on the restated unconsolidated summary statement of assets and liabilities of the Company.

2) The above statement should be read with the notes to restated unconsolidated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexures IV & V.

3) Amounts due from Directors/Promoters/Promoter Group Companies/Relatives of Promoters/Relatives of Directors/Subsidiary Company/Joint Ventures are as below:

(Rs.in million)

Particulars	As at					
	30-Sept-2014	**31-Mar-2014**	**31-Mar-2013**	**31-Mar-2012**	**31-Mar-2011**	**31-Mar-2010**
Outstanding for a period exceeding six months from the date they are due for payment						
PCL (Shanghai) Co. Ltd.	-	-	-	1.90	-	-
Other receivables (less than six months)						
PCL (Shanghai) Co. Ltd.	45.85	26.04	82.31	14.04	-	-
Ningbo Shenglong PCL Camshaft Co Ltd.	95.49	128.43	9.92	-	-	-
Total	**141.34**	**154.47**	**92.23**	**15.94**	**-**	**-**

4) List of persons/entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

PRECISION CAMSHAFTS LIMITED
ANNEXURE XIV – RESTATED UNCONSOLIDATED STATEMENT OF SHORT TERM LOANS AND ADVANCES AND OTHER CURRENT ASSETS

(Rs.in million)

Particulars	As at					
	30-Sept-2014	**31-Mar-2014**	**31-Mar-2013**	**31-Mar-2012**	**31-Mar-2011**	**31-Mar-2010**
A. Short term loans and advances						
Unsecured, considered good						
Loans and advances to related parties	-	-	1.63	2.29	-	-
Advances recoverable in cash or kind or for value to be received	62.48	48.75	33.33	22.15	7.40	9.78
Other loans and advances						
Minimum alternate tax credit entitlement	-	-	-	-	18.76	40.88
Balances with statutory/government authorities	82.50	86.27	68.68	21.58	50.12	39.64
Gratuity prepaid	0.61	0.62	-	-	-	-
Total short term loans and advances (A)	**145.59**	**135.64**	**103.64**	**46.02**	**76.28**	**90.30**
B. Other current assets						
Unsecured, considered good						
Unamortised expenditure (ancillary cost of borrowings)	2.49	2.72	3.52	3.73	-	-
Interest accrued on fixed deposits	3.54	3.73	2.35	3.04	0.44	1.58
Forward contract receivables	3.83	3.18	8.19	-	-	-
Other claims and receivables	11.70	7.80	6.11	8.78	4.69	3.04
Total other current assets (B)	**21.56**	**17.43**	**20.17**	**15.55**	**5.13**	**4.62**

Notes:

1) The figures disclosed above are based on the restated unconsolidated summary statement of assets and liabilities of the Company.
2) The above statement should be read with the notes to restated unconsolidated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV & V.
3) List of persons/entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.
4) Amounts due from Directors/Promoters/Promoter Group Companies/Relatives of Promoters/Relatives of Directors/Subsidiary Company/Joint Ventures are as below:

(Rs.in million)

Particulars	As at					
	30-Sept-2014	**31-Mar-2014**	**31-Mar-2013**	**31-Mar-2012**	**31-Mar-2011**	**31-Mar-2010**
Loans and advances to related parties						
PCL (Shanghai) Co. Ltd.	-	-	1.63	2.29	-	-
Total	**-**	**-**	**1.63**	**2.29**	**-**	**-**

5) There are no amounts due from Directors/Promoters/Promoter Group Companies/Relatives of Promoters/Relatives of Directors/Joint Venture Companies.

PRECISION CAMSHAFTS LIMITED
ANNEXURE XV – RESTATED UNCONSOLIDATED STATEMENT OF OTHER INCOME

(Rs.in million)

Particulars	Nature	Related / not related to business activity	Six months ended 30-Sept-2014	For the year ended				
				31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
Interest income on								
Bank deposits	recurring	not related	19.93	16.02	19.21	10.71	15.30	14.23
Others	non recurring	not related	0.70	1.42	1.45	0.34	0.31	0.35
Dividend income on long term investments	recurring	not related	0.02	0.02	0.01	0.01	0.01	0.03
Exchange differences (net)	recurring	related	10.80	64.08	47.83	71.37	21.26	-
Excess provision for doubtful debts written back	non recurring	related	-	8.95	-	1.93	1.97	9.83
Technical support fee (Refer Annexure XIX)	non recurring	related	19.81	10.17	20.01	-	-	-
Compensation from customer	non recurring	related	23.77	22.37	-	-	-	-
Miscellaneous income	non recurring	related	3.04	0.55	0.49	0.78	2.36	0.23
Total			**78.07**	**123.58**	**89.00**	**85.14**	**41.21**	**24.67**

Notes:

1) The classification of other income as recurring/not-recurring, related/not-related to business activity is based on the current operations and business activity of the Company as determined by the management.

2) The figures disclosed above are based on the restated unconsolidated summary statement of profits and losses of the Company.

3) The above statement should be read with the notes to restated unconsolidated summary statement of assets and liabilities, profits and losses and cash flows appearing in Annexures IV & V.

PRECISION

PRECISION CAMSHAFTS LIMITED
ANNEXURE XVI – RESTATED UNCONSOLIDATED STATEMENT OF CONTINGENT LIABILITIES

(Rs.in million)

Particulars	As at					
	30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
Disputed Income tax	-	-	3.95	6.96	1.29	1.44
Excise duty	2.08	2.08	-	-	-	-
Service tax	0.07	0.07	0.68	0.68	0.68	0.84
Sales Tax	-	-	0.42	0.42	0.42	0.42
Provident fund	1.21	1.21	1.21	1.21	1.21	1.21
Claims not acknowleged as debt	3.18	3.18	3.18	3.18	3.53	3.53
Total	**6.54**	**6.54**	**9.44**	**12.45**	**7.13**	**7.44**

In all the cases mentioned above, outflow is not probable, hence not provided by the company

Notes:

1) The Collector of Stamps, Solapur has demanded payment of stamp duty of Rs. 3,178,389 for cancellation and issue of equity shares after amalgamation of Precision Valvetrain Components Limited (PVPL) with the Company in year 2007-2008. The Company has filed an appeal against demand made by the Collector of Stamps, Solapur with Controlling Revenue Authority, Pune.

2) The Company is in appeal and the application is pending with "Hon'ble High Court of Judicature Appellate" against the claim made under Employees Provident Funds and Miscellaneous Provision Act, 1952 for Rs. 24,23,488. The Company has deposited an amount of Rs. 1,211,744 under protest which has been shown under Loans and Advances.

3) The Company has received an order from Commissioner of Central Excise Pune for the year 2002-03, 2003-04 and 2004-05 demanding excise duty amounting to Rs. 2,076,478 (Previous Year Rs. 2,076,478) on sales tax retained under sales tax deferral scheme.

4) The Company has received an order from Commissioner, Central Excise Nagpur disallowing cenvat credit amounting to Rs. 69,938 (Previous Year Rs. 69,938) on account of duty not charged on goods cleared by its dealer.

5) The Company had received an order from the Joint Commissioner Income Tax (Transfer Pricing Officer II) for assessment years ("AY") 2003-04 and 2005-06 making additions of Rs. 28,800,000 on account of transfer pricing adjustments. The Company had filed its objections with Dispute Resolution Panel-II (DRP), Mumbai against the said adjustments. The total tax liability that arised on account of this and other matters was Rs. 6,013,212. The Assistant Commissioner of Income Tax, Solapur had raised demand against the Company for the same vide order dated December 28, 2011 for the AY 2006-07. The Company had made an appeal with the Commissioner of Income Tax (Appeals) Pune. Out of the total demand, the Company has deposited Rs. 3,007,000 with the Income tax authorities. During the year ended March 31, 2014, the Company has received favourable order from ITAT. The Company has filed rectification under section 154 of the Income Tax Act, 1961 during January 2015 to effect the above adjustments.

6) The figures disclosed above are based on the restated unconsolidated summary statement of assets and liabilities of the Company.

7) The above statement should be read with the notes to restated unconsolidated summary statement of assets and liabilities, profits and losses and cash flows appearing in Annexures IV & V.

PRECISION

PRECISION CAMSHAFTS LIMITED
ANNEXURE XVII – RESTATED UNCONSOLIDATED SEGMENT INFORMATION

a) Details of segment revenue

(Rs.in million)

Particulars	Six months ended 30-Sept-2014	For the year ended				
		31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
Revenue within India	552.33	1,058.38	1,049.75	937.59	831.10	624.17
Revenue outside India	2,012.50	3,536.31	2,517.20	2,091.89	1,900.52	1,296.17
Total	**2,564.83**	**4,594.69**	**3,566.95**	**3,029.48**	**2,731.62**	**1,920.34**

b) Details of carrying amount of segment assets by geographical locations

(Rs.in million)

Particulars	As at					
	30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
Within India	2,873.12	3,046.05	2,962.93	2,138.31	1,545.28	1,102.25
Outside India	736.03	916.94	654.90	388.95	390.19	388.92
Total	**3,609.15**	**3,962.99**	**3,617.83**	**2,527.26**	**1,935.47**	**1,491.17**

c) Total cost incurred during the year to acquire segment assets (fixed assets including intangible assets) that are expected to be used for more than one year

(Rs.in million)

Particulars	Six months ended 30-Sept-2014	For the year ended				
		31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
Within India	96.44	260.60	791.55	854.84	166.02	252.98
Outside India	-	-	-	-	-	-
Total	**96.44**	**260.60**	**791.55**	**854.84**	**166.02**	**252.98**

Notes:

1) The Company's operations predominantly comprise of only one primary business segment. i.e. Camshafts. In view of the same, separate segmental information is not required to be disclosed in accordance with Accounting Standard (AS) 17- Segment Reporting.

2) The Company's secondary segments are based on the geographic distribution of activities. Revenue and receivables are specified by location of customers while the other geographic information is specified by location of the assets.

3) The figures disclosed above are based on the restated unconsolidated summary statements of assets and liabilities and profits and losses of the Company.

4) The above statement should be read with the notes to restated unconsolidated summary statement of assets and liabilities, profits and losses and cash flows appearing in Annexures IV & V.

5) The Company does not maintain country wise details of segment results and capital employed; and hence the details of segment results and capital employed on geographical basis has not been disclosed above.

PRECISION CAMSHAFTS LIMITED
ANNEXURE XVIII – RESTATED UNCONSOLIDATED STATEMENT OF RELATED PARTY TRANSACTIONS

LIST OF RELATED PARTIES AND TRANSACTIONS AS PER REQUIREMENTS OF ACCOUNTING STANDARD -18, 'RELATED PARTY DISCLOSURES'

Particulars	As at					
	30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
(A) Related party where control exists						
Subsidiary	PCL (Shanghai) Co. Ltd, China	PCL (Shanghai) Co. Ltd, China	PCL (Shanghai) Co. Ltd, China	PCL (Shanghai) Co. Ltd, China		
(B) Other related parties with whom transactions have been entered into during the year/period						
(i) Entity having significant influence ("ESI")		Tata Capital Limited (upto August 21, 2013)	Tata Capital Limited	Tata Capital Limited	Tata Capital Limited	Tata Capital Limited
(ii) Key Management Personnel ("KMP")	Mr. Yatin S Shah Dr. Suhasini Y Shah Mr. Ravindra R. Joshi	Mr. Yatin S Shah Dr. Suhasini Y Shah Mr. Ravindra R. Joshi	Mr. Yatin S Shah Dr. Suhasini Y Shah Mr. Ravindra R. Joshi	Mr. Yatin S Shah Dr. Suhasini Y Shah Mr. Ravindra R. Joshi Mr. Subhash Shah	Mr. Yatin S Shah Mr. Ravindra R. Joshi Mr. Jayant Aradhye Mr. Subhash Shah	Mr. Yatin S Shah Mr. Jayant Aradhye Mr. Subhash Shah
(iii) Relatives of Key Management Personnel ("RKMP")	Mrs. Urmila Subhash Shah Mr. Karan Y Shah Ms. Tanvi Y Shah Dr. Manjiri Chitale Dr. Vinayak Chitale	Mrs. Urmila Subhash Shah Mr. Karan Y Shah Ms. Tanvi Y Shah Dr. Manjiri Chitale Dr. Vinayak Chitale	Mrs. Urmila Subhash Shah Mr. Karan Y Shah Ms. Tanvi Y Shah	Mrs. Urmila Subhash Shah Mr. Karan Y Shah Ms. Tanvi Y Shah	Mrs. Urmila Subhash Shah Mr. Karan Y Shah Ms. Tanvi Y Shah Dr. Suhasini Y Shah Mr. Maneesh Aradhye Dr. Sunita Aradhye Mr. Rama Aradhye Mr. Vijay Aradhye	Mrs. Urmila Subhash Shah Dr. Suhasini Y Shah Mr. Maneesh Aradhye

Particulars	As at					
	30-Sept-2014	**31-Mar-2014**	**31-Mar-2013**	**31-Mar-2012**	**31-Mar-2011**	**31-Mar-2010**
(iv) Enterprises owned or significantly influenced by key management personnel or their relatives ("EKMP/ERKMP")	Kimaya Construction Private Limited Chitale Clinic Private Limited Precision Foundation & Medical Research Trust Yatin S. Shah (HUF) Cams Technology Limited	Kimaya Construction Private Limited Chitale Clinic Private Limited Precision Foundation & Medical Research Trust Yatin S. Shah (HUF) Cams Technology Limited	Kimaya Construction Private Limited Chitale Clinic Private Limited Precision Foundation Yatin S. Shah (HUF)	Precision Foundation Yatin S. Shah (HUF) Subhash R. Shah (HUF)	Precision Foundation Yatin S. Shah (HUF) Subhash R. Shah (HUF)	Yatin S. Shah (HUF) Subhash R. Shah (HUF)
(v) Individual having significant influence ("SI")	Mr. Jayant Aradhye	Mr. Jayant Aradhye	Mr. Jayant Aradhye	Mr. Jayant Aradhye		
(vi) Relative of Individual having significant influence ("RSI")		Mr. Maneesh Aradhye Dr. Sunita Aradhye Mr. Rama Aradhye Mr. Vijay Aradhye	Mr. Maneesh Aradhye Dr. Sunita Aradhye Mr. Rama Aradhye Mr. Vijay Aradhye	Mr. Maneesh Aradhye Dr. Sunita Aradhye Mr. Rama Aradhye Mr. Vijay Aradhye		
(vii) Joint Venture ("JV")	Ningbo Shenglong PCL Camshaft Co Ltd. PCL Shenglong (Huzhou) Specialized Casting Co Ltd.	Ningbo Shenglong PCL Camshaft Co Ltd. PCL Shenglong (Huzhou) Specialized Casting Co Ltd.	Ningbo Shenglong PCL Camshaft Co Ltd.			- -

Notes :

1) The classification and the disclosures of information of related parties for each of the years is in accordance with the Accounting Standard (AS) 18 - Related Party Disclosures, as specified by the Regulations.

2) The figures disclosed above are based on the restated unconsolidated summary statements of assets and liabilities and profits and losses of the Company.

3) The above statement should be read with the notes to restated unconsolidated summary statement of assets and liabilities, profits and losses and cash flows appearing in Annexures IV & V.

DETAILS OF TRANSACTIONS WITH RELATED PARTIES

(Rs.in million)

	Particulars	Relationship	Six months ended 30-Sept-2014	For the year ended 31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
1	**Remuneration**							
	Yatin S. Shah	KMP	52.65	82.50	43.40	44.64	43.21	22.41
	Dr. Suhasini Y.Shah	KMP	14.40	17.71	1.69	1.40	-	-
	Ravindra R. Joshi	KMP	29.80	28.68	3.90	3.30	1.71	-
	Subhash R. Shah	KMP	-	-	-	0.21	0.64	0.54
	Maneesh Aradhye	RKMP	-	-	-	-	0.96	1.33
	Dr. Suhasini Y. Shah	RKMP	-	-	-	-	0.89	1.18
2	**Dividend paid on equity shares**							
	Tata Capital Limited	ESI	-	-	0.80	0.80	0.80	0.80
	Cams Technology Limited	EKMP/ERKMP	-	0.80	-	-	-	-
	Yatin S. Shah	KMP	-	0.69	0.61	0.33	0.33	0.33
	Jayant Aaradhye	KMP	-	-	-	-	0.56	0.56
	Jayant Aaradhye	SI	-	0.56	0.56	0.56	-	-
	Yatin S. Shah Jointly held with Dr. Suhasini Y.Shah	KMP	-	0.68	0.56	0.21	-	-
	Dr. Suhasini Y. Shah	KMP	-	0.24	-	-	-	-
	Dr. Suhasini Y. Shah	RKMP	-	-	-	-	0.21	-
	Subhash R. Shah	RKMP	-	-	-	-	0.18	-
	Urmila Subhash Shah	RKMP	-	-	-	-	0.10	-
	Subhash R. Shah (HUF)	EKMP/ERKMP	-	-	-	-	0.02	-
	Maneesh Jayant Aradhye	RKMP	-	-	-	-	0.08	-
	Dr. Sunita jayant Aradhye	RKMP	-	-	-	-	0.04	-
	Rama M. Aradhye	RKMP	-	-	-	-	0.03	-
	Vijay Vasudeo Aradhye	RKMP	-	-	-	-	0.01	-
3	**Investment in equity shares**							
	PCL (Shanghai) Co. Ltd.	Subsidiary	-	-	4.19	6.86	-	-
	Ningbo Shenglong PCL Camshafts Co Ltd	JV	-	-	20.21	-	-	-

	Particulars	Relationship	Six months ended 30-Sept-2014	For the year ended				
				31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
	PCL Shenglong (Huzhou) Specialized Casting Co Ltd	JV	-	82.09	-	-	-	-
4	**Investment in preference shares**							
	Cams Technology Limited	EKMP/ERKMP	-	620.00	-	-	-	-
5	**Repayment of deposits**							
	Yatin Shah jointly with Suhasini Y. Shah	KMP	-	-	-	2.40	0.60	-
	Subhash Shah	KMP	-	-	-	0.68	0.40	-
	Dr. Suhasini Y Shah	KMP	-	-	-	1.20	0.40	-
	Jayant V Aradhye	KMP	-	-	-	-	0.60	-
	Karan Y.Shah	RKMP	-	-	1.05	-	-	-
	Tanvi Y. Shah	RKMP	-	-	0.65	0.83	-	-
	Dr. Manjiri Chitale	RKMP	-	0.10	-	-	-	-
	Dr. Vinayak Chitale	RKMP	-	0.30	-	-	-	-
	Urmila Shah	RKMP	-	0.10	-	-	-	-
	Urmila Shah jointly with Tanvi Shah	RKMP	-	-	-	-	1.48	-
6	**Interest paid on deposits**							
	Yatin S. Shah	KMP	-	-	-	0.16	0.30	0.31
	Dr. Suhasini Y Shah	KMP	-	-	-	0.09	0.14	0.13
	Tanvi Shah	RKMP	0.04	0.08	0.08	0.10	0.13	-
	Karan Shah	RKMP	0.06	0.13	0.13	0.13	0.13	0.12
	Dr. Manjiri Chitale	RKMP	0.04	0.13	-	-	-	-
	Dr. Vinayak Chitale	RKMP	0.05	0.10	-	-	-	-
	Urmila Shah	RKMP	-	0.01*	-	-	0.07	-
	Yatin S. Shah (HUF)	EKMP/ERKMP	-	-	-	-	0.03	-
	Jayant V. Aradhye	KMP	-	-	-	-	0.02	-
	Subhash R. Shah	KMP	-	-	-	-	0.08	-
7	**Interest paid on loans**							
	Tata Capital Limited	ESI	-	1.18	4.61	1.69	-	0.70
8	**Rent paid**							
	Yatin S. Shah	KMP	0.12	0.24	0.24	0.24	0.24	0.24
9	**Sale of manufactured goods**							
	PCL (Shanghai) Co. Ltd.	Subsidiary	73.36	122.76	174.94	15.29	-	-
	Ningbo Shenglong PCL	JV	223.29	358.46	19.71	-	-	-

	Particulars	Relationship	Six months ended 30-Sept-2014	For the year ended				
				31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
	Camshafts Co Ltd							
10	**Deposits taken (including renewals and transfers)**							
	Yatin S. Shah	KMP	-	-	-	-	0.30	0.90
	Dr. Suhasini Y. Shah	RKMP	-	-	-	-	0.40	0.80
	Karan Y.Shah	RKMP	-	-	1.05	-	-	1.05
	Tanvi Y. Shah	RKMP	-	-	0.65	-	1.48	-
	Dr. Vinayak Chitale	RKMP	-	0.20	-	-	-	-
	Urmila Shah	RKMP	-	-	-	-	0.10	0.80
11	**Technical support fee received**							
	Ningbo Shenglong Pcl Camshafts Co Ltd.	JV	-	10.17	20.01	-	-	-
	PCL Shenglong (Huzhou) Specialized Casting Co Ltd	JV	19.81	-	-	-	-	-
12	**Donation given**							
	Precision Foundation	EKMP/ERKMP	2.00	2.30	1.80	2.45	1.83	-
13	**Purchases of goods, material or Services**							
	Kimaya Construction Private Limited	EKMP/ERKMP	1.38	0.56	7.55	-	-	-
	Cams Technology Limited	EKMP/ERKMP	2.24	1.35	-	-	-	-
	Dr. Suhasini Y. Shah	RKMP	-	-	-	-	-	0.47
14	**Purchases of material/services for fixed assets**							
	Kimaya Construction Private Limited	EKMP/ERKMP	-	32.91	69.11	99.04	-	-
15	**Capital Advances given**							
	Kimaya Construction Private Limited	EKMP/ERKMP	-	-	33.42	22.17	-	-
16	**Advance Received**							
	PCL Shenglong (Huzhou) Specialized Casting Co Ltd.	JV	-	19.81	-	-	-	-
17	**Issue of equity shares**							
	Yatin S. Shah	KMP	-	5.00	-	-	-	-
	Dr. Suhasini Shah	KMP	-	3.36	-	-	-	-
18	**Dividend paid on preference shares**							
	Tata Capital Limited	ESI	-	-	-	-	23.87	43.65

	Particulars	Relationship	Six months ended 30-Sept-2014	For the year ended				
				31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
19	**Early redemption charges paid on redemption of preference shares**							
	Tata Capital Limited	ESI	-	-	-	-	2.30	2.40
20	**Share application money paid**							
	PCL (Shanghai) Co. Ltd.	Subsidiary	-	-	-	1.96	-	-
21	**Loans taken**							
	Tata Capital Limited	ESI	-	-	-	50.00	-	-
22	**Redemption of preference shares including premium**							
	Tata Capital Limited	ESI	-	-	-	-	115.00	120.00
23	**Loans repaid**							
	Tata Capital Limited	ESI	-	20.83	25.00	4.17	-	16.36
24	**Professional fees**							
	Tata Capital Limited	ESI	-	30.00	-	-	-	-
25	**Loans and advances given**							
	PCL (Shanghai) Co. Ltd.	Subsidiary	-	-	-	2.29	-	-

* Amount below Rs.0.01 million

BALANCE OUTSTANDING AT THE YEAR/ PERIOD END

(Rs.in million)

Particulars	As at					
	30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
Remuneration payable						
Yatin S. Shah	32.62	54.00	17.36	34.44	32.38	-
Dr. Suhasini Y. Shah	12.71	14.00	-	-	-	-
Ravindra R. Joshi	25.59	22.74	-	-	-	-
Share application money to subsidiary pending allotment						
PCL (Shanghai) Co. Ltd.	-	-	-	1.96	-	-
Loan outstanding						
Tata Capital Ltd.	-	-	20.83	45.82	-	0.02
Interest on loan outstanding						
Tata Capital Ltd.	-	-	0.18	0.39	-	-
Loans and advances receivable						
PCL (Shanghai) Co. Ltd.	-	-	1.63	2.29	-	-

Particulars	As at					
	30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
Capital advances						
Kimaya Contruction Private Limited	-	-	33.42	22.17	-	-
Deposits outstanding						
Dr Manjiri V Chitale jt. Vinayak Chitale	0.60	0.60	-	-	-	-
Dr Vinayak Chitale jt. Manjiri Chitale	0.60	0.60	-	-	-	-
Karan Y Shah	1.05	1.05	1.05	1.05	1.05	1.05
Ms. Tanvi Y Shah (initally in the name of Mrs Urmila Shah Jt Tanvi)	0.65	0.65	0.65	0.65	1.48	1.48
Chitale Dr Vinayak jt. Manjiri	0.20	0.20	-	-	-	-
Mrs. Urmila Shah	-	-	0.10	0.10	0.20	0.20
Mr. Yatin Shah Jt. Suhasini Y. Shah	-	-	-	-	2.40	2.70
Dr. Suhasini Shah	-	-	-	-	1.20	1.20
Yatin S. Shah (HUF)	-	-	-	-	0.30	0.30
Mr. Jayant V. Aradhye	-	-	-	-	-	0.60
Mr. Suhbhash R. Shah	-	-	-	-	0.68	0.68
Trade receivables						
PCL (Shanghai) Co. Ltd.	45.85	26.04	82.31	15.94	-	-
Ningbo Shenglong PCL Camshaft Co Ltd.	95.49	128.43	9.92	-	-	-
Trade and other payables						
Cams Technology Ltd	1.17	0.84	-	-	-	-
Chitale Clinic Private Limited	-	-	0.02	-	-	-
Advance received						
Ningbo Shenglong PCL Camshaft Co Ltd.	-	19.81	-	-	-	-
Creditors for capital goods						
Kimaya Contruction Private Limited	1.43	-	45.25	35.07	-	-
Investment in equity shares						
PCL (Shanghai) Co. Ltd.	11.05	11.05	11.05	6.86	-	-
Ningbo Shenglong PCL Camshaft Co Ltd.	20.21	20.21	20.21	-	-	-
PCL Shenglong (Huzhou) Specialized Casting Co Ltd.	82.09	82.09	-	-	-	-
Investment in preference shares						
Cams Technology Ltd	620.00	620.00	-	-	-	-
Interest Payable						
Mr. Yatin Shah	-	-	-	-	0.07	0.08
Yatin S. Shah (HUF)	-	-	-	-	0.01	0.01
Dr.Suhasini Shah	-	-	-	-	0.04	0.03
Urmila Shah	-	-	-	-	0.01	0.05
Subhash R Shah	-	-	-	-	0.02	0.02

Particulars	As at					
	30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
Tanvi Shah	-	-	-	-	0.04	-
Karan Shah	-	-	-	-	0.03	0.03
Mr. Jayant V. Aradhye	-	-	-	-	-	0.02

PRECISION CAMSHAFTS LIMITED
ANNEXURE XIX – CAPITALISATION STATEMENT

(Rs. in million)

Particulars	Annexure	Pre issue as at September 30,2014	As adjusted for IPO*
Long Term Borrowings			
Current maturities (A)		327.68	
Non current portion (B)		1,127.60	
Total Long term borrowings (C)= (A+B)		**1,455.28**	
Short term borrowings (D)		400.07	
Total debt (E)= (C+D)		**1,855.35**	
<u>Shareholder's funds/ Networth/ Equity</u>			
Share capital		40.92	
Reserves and Surplus, as restated			
Securities premium account		588.23	
Surplus in statement of profit and loss		1,230.92	
General reserves		55.72	
Capital reserve		2.50	
Capital redemption reserve		180.77	
Total equity (F)		2,099.06	
Debt /equity (E/F)		**0.88**	
Long term debt/ equity (C/F)		**0.69**	

***** corresponding post IPO data is not available pending the completion of book building.

Note:

1) The above has been computed on the basis of the restated unconsolidated summary statements of assets and liabilities of the Company as on September 30, 2014.

PRECISION CAMSHAFTS LIMITED
ANNEXURE XX – RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF DIVIDEND

Rs.in million
(except per share data in Rs.)

Particulars	As at					
	30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
A. Equity Shares						
Face value per equity share (in rupees)	100	100	100	100	100	100
<u>Dividend paid</u>						
Rate of dividend	-	10%	10%	10%	10%	10%
Final dividend, excluding dividend tax	-	3.18	3.09	3.09	3.09	3.09
B. 16.55% optionally convertible redeemable preference shares						
Face value per preference share (in rupees)	Not applicable	Not applicable	Not applicable	Not applicable	100	100
<u>Dividend paid</u>						
Rate of dividend	-	-	-	-	16.55%	16.55%
Dividend, excluding dividend tax	-	-	-	-	9.23	28.37

Notes:

1) The above statement should be read with the notes to restated unconsolidated summary statement of assets and liabilities, profits and losses and cash flows appearing in Annexures IV & V.

PRECISION CAMSHAFTS LIMITED
ANNEXURE XXI – RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF ACCOUNTING RATIOS

Rs.in million
(except per share data in Rs.)

Particulars			Six months ended 30-Sept-2014	For the year ended				
				31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
A.	Basic earnings per share (Rs.) (refer note 1 (a) below)	C / G	4.52	2.22	4.02	3.11	2.68	3.74
B.	Diluted earnings per share (Rs.) (refer note 1 (b) below)	F/ H	4.52	2.22	4.02	3.11	2.57	3.35
C.	Net profit after tax as restated		370.11	141.00	248.65	192.10	176.56	264.20
D.	Less: Dividend on optionally convertible redeemable cumulative preference shares (including tax there on) (refer note 4 and 5 below)		0.00	0.00	0.00	0.00	(10.76)	(33.13)
E.	Net profit after tax as restated for calculating basic EPS	C - D	370.11	141.00	248.65	192.10	165.80	231.07
F.	Net profit after tax as restated for calculating diluted EPS		370.11	141.00	248.65	192.10	176.56	264.20
G.	Weighted average number of equity shares outstanding at end of the period/year		81,841,600	63,649,819	61,841,600	61,841,600	61,841,600	61,841,600
H.	Weighted average number of equity shares for calculating diluted EPS (Note 4)		81,841,600	63,649,819	61,841,600	61,841,600	68,825,200	78,942,600
I.	Net Worth at the end of the period/year (excluding preference share capital and net off cumulative preference dividend)		2,099.06	1,750.65	1,102.57	857.54	669.03	533.36
J.	Total number of equity shares outstanding at the end of the period/ year		409,208	409,208	309,208	309,208	309,208	309,208
K.	Total number of equity shares outstanding at the end of the period/ year (after spilt and bonus)		81,841,600	81,841,600	61,841,600	61,841,600	61,841,600	61,841,600
L.	Return on Net Worth (%) (Refer Note 1 (c) below)	E / I *100	17.63%	8.05%	22.55%	22.40%	24.78%	43.32%
M.	Net asset value per equity share (Rs.) (Refer Note 1 (d) and Note 4)	I/ J	5,129.57	4,278.14	3,565.79	2,773.34	2,163.69	1,724.92
N.	Net asset value per equity share (Rs.) (Refer Note 1 (e) and Note 4)	I/ K	25.65	21.39	17.83	13.87	10.82	8.62

Notes:

1) The ratios have been computed as below:

(a) Basic earnings per share (Rs.)	Net profit after tax as restated for calculating basic EPS / Weighted average number of equity shares outstanding at the end of the period / year
(b) Diluted earnings per share (Rs.)	Net profit after tax as restated for calculating diluted EPS / Weighted average number of equity shares outstanding at the end of the period / year for diluted EPS
(c) Return on net worth (%)	Net profit after tax (as restated) / Net worth at the end of the period / year
(d) Net assets value per share	Net Worth at the end of the period/ year / Total number of equity shares outstanding at the end of the period / year
(e) Net assets value per share (effect of split and bonus issue of equity shares)	Net Worth at the end of the period/ year / Total number of equity shares outstanding at the end of the period / year (after split and bonus issue)

2) Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the period/year adjusted by the number of equity shares issued during period/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 period/year.

3) Net worth for ratios mentioned in note 1(c) and 1(d) is = Equity share capital + Reserves and surplus (including, Securities Premium, General Reserve, Stock options outstanding and surplus in statement of profit and loss).

4) The Company has subdivided equity shares of face value of Rs. 100 each into face value of Rs. 10 each which has been approved by the share holders in extra ordinary general meeting held on December 30, 2014. In the same meeting the Company has declared bonus shares in the ratio of 19:1 to all existing shares holders. Accordingly, the number of equity shares and face value of shares considered for computation of basis and diluted earnings per share for the year ended March 31,2014, March 31,2013, March 31,2012, March 31, 2011 & March 31, 2010 and period ended September 30,2014 have been adjusted for the impact of share split and bonus issue.

5) The figures disclosed above are based on the consolidated restated summary statements of the Group.

6) The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profits and losses and cash flows as appearing in Annexure IV and V.

PRECISION CAMSHAFTS LIMITED
ANNEXURE XXII – RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF TAX SHELTER

Rs. In million , unless otherwise stated

		Six months ended September 30, 2014	For the year ended				
			March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
A	**Profit before taxes as restated**	**584.62**	**355.32**	**375.42**	**285.90**	**261.04**	**295.94**
B	Tax rate (%)	33.99%	33.99%	32.45%	32.45%	32.45%	33.22%
C	Tax impact (A* B)	198.71	120.77	121.83	92.78	84.71	98.31
D	**Permanent Differences**						
	Profits of EOU exempt under section 10 B of the Act	0.00	0.00	0.00	0.00	0.00	(264.19)
	Perquisites and tax on perquisites	0.00	272.65	0.00	0.00	0.00	0.00
	Interest on TDS payments and other 40 (a) disallowances	0.00	9.92	0.15	0.00	0.00	0.00
	Donation disallowed under the Act	3.01	1.19	0.99	1.29	0.91	0.32
	Weighted deduction for section 35 2(AB)	0.00	(98.34)	0.00	0.00	0.00	0.00
	Others	1.72	0.00	13.55	9.96	6.82	24.45
	Total (D)	**4.73**	**185.42**	**14.69**	**11.25**	**7.73**	**(239.42)**
E	**Temporary Differences**						
	Difference between book depreciation and tax depreciation	91.29	(19.88)	(175.98)	(37.50)	(52.90)	(9.80)
	Loss on sale/discard of Fixed Assets	0.00	4.04	13.32	11.82	1.54	14.63
	Provision for doubtful debts	1.19	(8.95)	1.30	15.87	(2.14)	6.13
	Provision for employee benefit expenses	5.16	17.59	20.38	(15.80)	13.40	6.47
	Exchange loss/(gain) under section 43 A of Income tax act, 1961	0.00	(0.66)	(4.62)	0.00	0.00	0.00
	Others	(0.44)	(0.83)	(4.09)	(1.12)	1.29	1.93
	Total (E)	**97.20**	**(8.69)**	**(149.69)**	**(26.73)**	**(38.81)**	**19.36**
F	**Net adjustments (D+E)**	101.93	176.73	(135.00)	(15.48)	(31.08)	(220.06)
G	Tax expense/(saving) thereon **(F* B)**	34.65	60.07	(43.80)	(5.03)	(10.09)	(73.10)
H	**Tax Liability, after considering the effect of adjustments (C+G)**	**233.36**	**180.84**	**78.03**	**87.75**	**74.62**	**25.21**
I	Taxable income (Book Profits) as per MAT*	587.53	629.10	376.95	301.77	259.42	315.24
J	MAT Rate	20.96%	20.96%	20.01%	20.01%	19.93%	17.00%
K	**Tax liability as per MAT (I * J)**	123.15	131.86	75.42	60.38	51.70	53.57
L	**Current tax being higher of H or K**	233.36	180.84	78.03	87.75	74.62	53.57
M	Deferred tax	(18.85)	33.48	48.74	6.05	9.86	6.53
N	MAT credit entitlement						(28.36)
O	**Total tax expenses (L+M+N)**	**214.51**	**214.32**	**126.77**	**93.80**	**84.48**	**31.74**

* MAT refers to Minimum Alternative Tax as referred to in section 115 JB of the Income Tax Act,1961.

Notes

1) The aforesaid statement of tax shelters has been prepared as per the restated unconsolidated summary statement of profits and losses of the Company.The permanent/timing differences have been computed considering the ackowledged copies of the income-tax r respective years stated above. The changes in the tax liability and the interest thereon arising on account of assessement proceedings, notices, appeals etc has been adjusted in the tax liability of the year to which the liability pertains.

2) The figures for the period ended September 30, 2014 are based on the provisional computation of Total Income prepared by the Company.

3) The above statement should be read with the notes to restated unconsolidated summary statement of assets and liabilities, profits and losses and cash flows appearing in Annexures IV & V.

Report of auditors on the Restated Consolidated Summary Statements of Assets and Liabilities as at September 30, 2014, March 31, 2014, 2013 and 2012 and Profits and Losses and Cash Flows for the six months period ended September 30, 2014 and for each of the years ended March 31, 2014, 2013 and 2012 of Precision Camshafts Limited, its Subsidiary and Joint Ventures (collectively, the "Restated Consolidated Summary Statements")

The Board of Directors
Precision Camshafts Limited
D-5, MIDC, Chincholi,
Solapur Pune Road,
Solapur - 413255

Dear Sirs,

1) We have examined the Restated Consolidated Summary Statements of Precision Camshafts Limited (the "Company") and its subsidiary and joint ventures (together referred to as the "Group") as at September 30, 2014, March 31, 2014, 2013 and 2012 and for the six months period ended September 30, 2014 and for each of the years ended March 31, 2014, 2013 and 2012, annexed to this report for the purpose of inclusion in the offer document (collectively the "Restated Consolidated Financial Information"), prepared by the Company in connection with its proposed Initial Public Offer ("IPO"). Such financial information, which has been approved by the Board of Directors, has been prepared by the Company in accordance with the requirements of:

   c) Sub-clause (i), (ii) and (iii) of clause (b) of Sub-section (1) of Section 26 of Chapter III of The Companies Act 2013 (the "Act") read with rule 4 of Companies (Prospectus and Allotment of Securities) Rules, 2014; and

   d) relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "Regulations") issued by the Securities and Exchange Board of India ("SEBI") on August 26, 2009, as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992.

2) We have examined such Restated Consolidated Financial Information taking into consideration:

   a) the terms of our engagement agreed with you vide our engagement letter dated November 14, 2014, requesting us to carry out work on such restated financial information, proposed to be included in the offer document of the Company in connection with its proposed IPO; and

   b) the Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India.

3) The Company proposes to make an IPO which comprises of a fresh issue of equity shares of Rs. 10 each as well as an offer for sale by certain shareholders' existing equity shares of Rs.10 each, at such premium, arrived at by a book building process (referred to as the "Issue"), as may be decided by the Board of Directors of the Company.

Restated Consolidated Financial Information as per audited consolidated financial statements:

4) The Restated Consolidated Financial Information has been compiled by the management from

a) the audited consolidated interim condensed financial statements of the Group as at and for the six months period ended September 30, 2014, which have been approved by the Board of Directors on March 5, 2015;

b) the audited consolidated financial statements of the Group, as at and for each of the years ended March 31, 2012, 2013 and 2014, prepared in accordance with accounting principles generally accepted in India , which have been approved by the Board of Directors of the Company on March 3, 2015; March 4, 2015 and March 5, 2015 respectively.

c) the consolidated financial statements included information in relation to the Company's subsidiary and joint ventures as listed below:

Name of the entity and relationship	**Relationship**	**Period covered**
PCL (Shanghai) Co. Ltd, China	Subsidiary	For the years ended March 31, 2014, 2013 and 2012; and for the six month period ended September 30, 2014
Ningbo Shenglong PCL Camshafts Co. Ltd., China	Joint Venture	For the years ended March 31, 2014, and 2013; and for the six month period ended September 30, 2014
PCL Shenglong (Huzhou) Specialised Casting Co. Ltd, China	Joint Venture	For the year ended March 31, 2014 and for the six month period ended September 30, 2014

5) We have issued auditor's report dated March 5, 2015 on the interim condensed consolidated financial statements of the Group as at and for the six months ended September 30, 2014. We have also issued auditor's reports dated March 3, 2015, March 4, 2015 and March 5, 2015 on the consolidated financial statements of the Group as at and for the years ended March 31, 2012, 2013 and 2014 respectively.

As indicated in our auditor's report on consolidated condensed interim financial statements as at and for the six months period ended September 30, 2014 and our auditor's reports on consolidated financial statements as at and for the years ended March 31, 2014, 2013 and 2012, the consolidated financial statements for those period and/or years included the financial statements of a subsidiary and joint ventures, whose financial statements reflect total assets of Rs. 513.93 million, Rs. 273.49 million, Rs. 136.73 million and Rs.21.30 million as at September 30 2014, March 31, 2014, 2013 and 2012; the total revenue of Rs. 208.48 million, Rs.237.48 million, Rs. 198.21 million and Rs. 11.94 million for the six months ended September 30, 2014, and for the years ended March 31, 2014, 2013 and 2012; and cash (outflows)/inflows (net) of amounting to Rs. (1.14) million, Rs. 62.02 million, Rs. 7.63 million and Rs. 5.03 million for the six months ended September 30, 2014, and for the years ended March 31, 2014, 2013 and 2012 respectively . The financial statements and other financial information of the subsidiary and joint ventures have been incorporated in the Audited Consolidated Financial Statements of the Group based on unaudited financial statements as provided by the management of the Company. Audited financial statements of such subsidiary and joint ventures as at and for the six-months ended September 30, 2014 and as at and for the years ended March 31, 2014, 2013 and 2012 were not available and our opinion on the Audited Consolidated Financial Statements in so far as it relates to the affairs of the subsidiary and joint ventures is based solely on the basis of management certified financial statements;

6) In accordance with the requirements of Sub-clause (i), (ii) and (iii) of clause (b) of Sub-section (1) of Section 26 of Chapter III of the Act read with rules 4 of Companies (Prospectus and Allotment of Securities) Rules, 2014, the Regulations and terms of our engagement agreed with you, we report that, read with paragraph 4 and 5 above, we have examined the Restated Consolidated Financial Information as at and for the six months period ended September 30, 2014 and as at and for the years ended March 31, 2014, 2013 and 2012 as set out in Annexures I to III.

7) Based on our examination and the audited consolidated financial statements of the Group for the six months period ended September 30, 2014 and for each of the years ended March 31, 2014, 2013 and 2012 as referred to in paragraphs 4 and 5 above, we report that:

vii. The restated consolidated profits have been arrived at after making such adjustments and regroupings as, in our opinion, are appropriate and more fully described in the notes appearing in Annexure IV to this report;

viii. There are no changes in accounting policies adopted by the Group as at and for the six months ended September 30, 2014; and as at and for the years ended March 31, 2014, 2013 and 2012;

ix. Adjustments for the material amounts in the respective financial years/ period to which they relate have been adjusted in the Restated Consolidated Financial Information;

x. There are no extraordinary items which need to be disclosed separately in the Restated Consolidated Financial Information; and

xi. There are no qualifications in the auditors' reports on the Consolidated Financial Statements of the Group as at and for the six months ended September 30, 2014 and as at and for each of the years ended March 31, 2014, 2013, 2012, 2011, 2010 which require any adjustments to the Restated Consolidated Financial Information.

8) We have not audited or reviewed, any consolidated financial statements of the Group as of any date or for any period subsequent to September 30, 2014. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Group as of any date or for any period subsequent to September 30, 2014.

Other Financial Information:

9) At the Company's request, we have also examined the following consolidated financial information proposed to be included in the offer document prepared by the management and approved by the Board of Directors of the Company and annexed to this report relating to the Group as at and for the six months ended September 30, 2014 and as at and for each of the years ended March 31, 2014, 2013 and 2012:

a) Restated Consolidated Statement of Reserves and Surplus, enclosed as Annexure VI;
b) Restated Consolidated Statement of Long Term Borrowings, enclosed as Annexure VII;
c) Restated Consolidated Statement of Long Term Provisions and Short Term Provisions, enclosed as Annexure VIII;
d) Restated Consolidated Statement of Short Term Borrowings, enclosed as Annexure IX;
Restated Consolidated Statement of Trade Payables and Other Current Liabilities, enclosed as Annexure X;
e) Restated Consolidated Statement of Non-Current Investments , enclosed as Annexure XI;
f) Restated Consolidated Statement of Long term Loans and Advances and Other Non- Current Assets, enclosed as Annexure XII ;
g) Restated Consolidated Statement of Current Trade Receivables, enclosed as Annexure XIII;
h) Restated Consolidated Statement of Short term Loans and Advances and Other Current Assets, enclosed as Annexure XIV;
i) Restated Consolidated Statement of Other Income, enclosed as Annexure XV;
j) Restated Consolidated Statement of Contingent Liabilities, enclosed as Annexure XVI;
k) Restated Consolidated Segment Information, enclosed as Annexure XVII;
l) Restated Consolidated Statement of Accounting Ratios, enclosed as Annexure XVIII ;

m) Restated Consolidated Statement of Related Party Transactions enclosed as Annexure XIX ; and

n) Restated Capitalisation Statement, as appearing in Annexure XX.

10) In our opinion, the financial information as disclosed in the Annexures to this report, read with the respective significant accounting policies and notes disclosed in Annexure V, and after making adjustments and regroupings as considered appropriate and disclosed in Annexure IV, have been prepared in accordance with the relevant provisions of the Act and the Regulations.

11) This report should not be in any way construed as a reissuance or redating of any of the previous audit reports issued by us or by other firm of chartered accountants, nor should this report be construed as an opinion on any of the financial statements referred to herein.

12) We have no responsibility to update our report for events and circumstances occurring after the date of the report.

13) This report is intended solely for your information and for inclusion in the offer document in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E

per Paul Alvares
Partner
Membership Number: 105754
Place: Pune
Date: March 5, 2015

PRECISION CAMSHAFTS LIMITED

ANNEXURE I – RESTATED CONSOLIDATED SUMMARY STATEMENT OF ASSETS & LIABILITES

(Rs.in million)

	Particulars	Annexures	As at			
			30-Sept-2014	**31-Mar-2014**	**31-Mar-2013**	**31-Mar-2012**
A.	**Equity & liabilities**					
	Share holders' funds					
	(a) Share capital					
	- Equity share capital		40.92	40.92	30.92	30.92
	(b) Reserves and surplus	**VI**	2,011.03	1,681.30	1,055.70	819.91
	Total of shareholders' funds		**2,051.95**	**1,722.22**	**1,086.62**	**850.83**
B	**Non-current liabilities**					
	(a) Long term borrowings	**VII**	1,290.86	1,305.18	1,313.06	1,422.41
	(b) Deferred tax liabilities (net)		119.11	149.14	115.66	66.92
	(c) Trade payables		-	-	7.38	-
	(d) Long term provisions	**VIII**	-	-	3.24	-
	(e)Long term liabilities		2.36	-	-	-
	Total of Non-current liabilities		**1,412.33**	**1,454.32**	**1,439.34**	**1,489.33**
C	**Current liabilities**					
	(a) Short-term borrowings	**IX**	492.19	546.35	243.60	154.23
	(b) Trade payables	**X**	676.03	643.30	563.45	339.25
	(c) Other current liabilities	**X**	678.53	648.40	573.72	498.45
	(d) Short-term provisions	**VIII**	241.32	105.15	51.33	31.00
	Total of Current liabilities		**2,088.07**	**1,943.20**	**1,432.10**	**1,022.93**
	Total of A + B + C		**5,552.35**	**5,119.74**	**3,958.06**	**3,363.09**
D	**Assets**					
	Non-current assets					
	(a) Fixed assets					
	-Tangible assets		2,278.88	2,289.81	1,989.83	1,035.46
	-Intangible assets		30.31	2.13	4.93	0.43
	-Capital work in progress		59.00	49.91	237.34	517.80
			2,368.19	**2,341.85**	**2,232.10**	**1,553.69**
	(b) Non-current investments	**XI**	620.14	620.14	0.14	0.14
	(c) Long-term loans and advances	**XII**	78.47	59.91	93.30	158.01
	(d) Other non-current assets	**XII**	25.16	27.91	27.71	49.81
	Total Non-current assets		**3,091.96**	**3,049.81**	**2,353.25**	**1,761.65**
E	**Current assets**					

Particulars	Annexures	As at			
		30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012
(a) Inventories		474.38	435.18	396.43	205.38
(b) Trade receivables	XIII	893.19	1,122.18	809.56	556.32
(c) Cash and Bank balances		887.73	341.85	262.43	779.12
(d) Short-term loans and advances	XIV	183.53	142.33	105.74	43.73
(e) Other current assets	XIV	21.56	28.39	30.65	16.89
Total current assets		**2,460.39**	**2,069.93**	**1,604.81**	**1,601.44**
Total of D+E		**5,552.35**	**5,119.74**	**3,958.06**	**3,363.09**

The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profits and losses and cash flows as appearing in Annexure IV & V.

As per our report on even date

For S R B C & Co LLP
ICAI Firm Registration Number:324982E
Chartered Accountants

For and on behalf of Board of Directors of Precision Camshafts Limited

per Paul Alvares
Partner

Membership no: 105754

Place of Signature: Pune
Date: March 5, 2015

Yatin Shah
Managing Director
DIN:00318140

Place of Signature: Solapur
Date: March 5, 2015

Suhasini Shah
Whole Time Director
DIN:02168705

Place of Signature: Solapur
Date: March 5, 2015

Ravindra R Joshi
Director
DIN: 03338134

Place of Signature: Solapur
Date: March 5, 2015

PRECISION

PRECISION CAMSHAFTS LIMITED
ANNEXURE II- RESTATED CONSOLIDATED SUMMARY STATEMENT OF PROFITS AND LOSSES

(Rs.in million)

Particulars	Annexures	Six months ended 30-Sept-2014	For the year ended 31-Mar-2014	For the year ended 31-Mar-2013	For the year ended 31-Mar-2012
Income:					
Sale of manufactured goods		2,660.12	4,645.71	3,679.29	3,091.91
Sale of services		9.04	9.56	10.21	15.96
Other operating revenue					
Tooling income		7.71	53.29	49.62	32.11
Scrap sales		0.85	1.61	1.57	1.21
Export incentives		44.01	115.96	-	-
Turnover (gross)		**2,721.73**	**4,826.13**	**3,740.69**	**3,141.19**
Less - excise duty		72.00	152.56	152.44	115.06
Turnover (net)		**2,649.73**	**4,673.57**	**3,588.25**	**3,026.13**
Other income	**XV**	69.28	125.54	87.19	86.26
Total revenue		**2,719.01**	**4,799.11**	**3,675.44**	**3,112.39**
Expenses:					
Raw materials consumed		865.64	1,543.98	1,518.09	1,225.03
(Increase)/decrease in inventories		-20.38	-13.20	-168.21	-8.71
Employee benefits expense		325.19	1,138.17	395.38	308.50
Other expenses		707.61	1,380.48	1,267.12	1,082.78
Depreciation and amortisation expense		205.78	277.77	189.41	120.47
Finance costs		58.09	126.33	105.56	105.14
Total expenses		**2,141.93**	**4,453.53**	**3,307.35**	**2,833.21**
Restated profit before tax		**577.08**	**345.58**	**368.09**	**279.18**
Tax expense:					
Current tax		237.32	180.84	80.16	87.75
Deferred tax (credit)/charge		-18.85	33.48	48.74	6.05
Total tax expense		**218.47**	**214.32**	**128.90**	**93.80**
Restated profit for the period/year		**358.61**	**131.26**	**239.19**	**185.38**

The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profits and losses and cash flows as appearing in Annexure IV & V.

For S R B C & Co LLP
ICAI Firm Registration Number:324982E
Chartered Accountants

For and on behalf of Board of Directors of
Precision Camshafts Limited

per Paul Alvares
Partner

Membership no: 105754

Place of Signature: Pune
Date: March 5, 2015

Yatin Shah
Managing Director
DIN:00318140

Place of Signature: Solapur
Date: March 5, 2015

Suhasini Shah
Whole Time Director
DIN:02168705

Place of Signature: Solapur
Date: March 5, 2015

PRECISION CAMSHAFTS LIMITED

ANNEXURE III- RESTATED CONSOLIDATED SUMMARY STATEMENT OF CASHFLOWS

(Rs.in million)

	Particulars	Six months ended 30-Sept-2014	For the year ended		
			31-Mar-2014	31-Mar-2013	31-Mar-2012
A	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Profit before tax (as restated)	**577.08**	**345.58**	**368.09**	**279.18**
	Adjustments to reconcile profit before tax to net cash flows				
	Depreciation and amortisation expense	205.78	277.77	189.41	120.47
	Provision for doubtful debts	1.19	-8.95	1.30	13.94
	Loss on sale/scrap of fixed assets (net)	-	4.04	13.31	11.90
	Dividend income on long-term investments	-0.02	-0.02	-0.01	-0.01
	Esop expenses	-	500.80	-	-
	Interest expenses	48.71	104.71	90.17	93.00
	Interest income	-20.63	-17.44	-17.74	-11.05
	Unrealised foreign exchange (gain)/loss	-10.43	-65.79	-2.00	5.75
	Adjustments for consolidation	-7.18	-2.74	0.22	
	Operating profit before working capital changes (as restated)	**794.50**	**1,137.96**	**642.75**	**513.18**
	Movements in working capital				
	Increase/(decrease) in trade payables	33.66	71.44	231.39	-83.63
	Increase/(decrease) in long-term provisions	-	-3.24	-5.53	-
	(Decrease)/increase in short-term provisions	7.85	-3.36	18.79	0.17
	(Decrease)/increase in other long term liabilities	2.36	-	-	-
	Increase/(decrease) in other current liabilities	55.54	49.44	17.37	6.27
	Decrease/(increase) in trade receivables	229.42	-271.66	-252.38	114.87
	(Increase)/decrease in inventories	-39.19	-38.74	-191.06	-5.96
	(Increase)/decrease in long-term loans and advances	-2.58	-2.69	-2.80	-6.31
	(Increase) in short-term loans and advances	-13.01	-36.58	-62.01	13.79
	(Increase)/decrease in other current assets	6.40	1.48	-14.67	-9.16
	Cash generated from operations	**1,074.95**	**904.05**	**381.85**	**543.22**
	Direct taxes paid (net of refunds)	-103.50	-123.65	-72.89	-62.94
	Net cash generated from operating activities (A)	**971.45**	**780.40**	**308.96**	**480.28**
B	**CASH FLOW USED IN INVESTING ACTIVITIES**				
	Purchase of fixed assets, including intangible assets and capital work in progress	-260.33	-472.88	-752.41	-780.76
	Proceeds from sale of fixed assets	-	0.72	0.82	0.54

	Particulars	Six months ended 30-Sept-2014	For the year ended		
			31-Mar-2014	31-Mar-2013	31-Mar-2012
	Payments towards purchase of non-current investments	-	-620.00	-	-0.01
	(Investments)/redemption of bank deposits (original maturity of more than three months)(net)	-468.18	79.17	368.32	-293.24
	Interest received	20.44	17.44	18.44	8.44
	Dividend received	0.02	0.02	0.01	0.01
	Net cash generated used in investing activities (B)	**-708.05**	**-995.57**	**-364.82**	**-1,065.02**
C	**CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES**				
	Proceeds from issuance of equity share capital	-	10.00	-	-
	Proceeds from long term borrowings	-	131.84	26.94	1,345.10
	Repayment of long term borrowings	-94.31	-	-135.34	-276.73
	Proceeds/(repayment) of short term borrowings (net)	-44.34	346.03	89.38	-100.82
	Interest paid	-46.68	-98.40	-90.99	-97.95
	Dividend paid on shares	-	-3.18	-3.09	-3.09
	Tax on dividend paid	-	-0.54	-0.50	-0.50
	Net cash generated from/(used in) financing activities (C)	**-185.33**	**385.75**	**-113.60**	**866.01**
D	**Net Increase/(decrease) in cash and bank balances(A+B+C)**	78.07	170.58	-169.46	281.27
E	**Cash and cash equivalents at the beginning of the period/ year**	**295.59**	**133.47**	**302.04**	**20.32**
F	**Effect of exchange differences on restatement of foreign currency cash and bank balances**	-1.93	-8.46	0.89	0.45
G	**Total cash and cash equivalents at the end of the period/ year (D+E+F)**	**371.73**	**295.59**	**133.47**	**302.04**

Components of cash and cash equivalents	Six months ended 30-Sept-2014	For the year ended		
		31-Mar-2014	31-Mar-2013	31-Mar-2012
Cash on hand	0.98	0.14	0.46	0.23
Balances with banks:				
-Current accounts	221.67	179.24	41.03	51.26
-Deposit accounts with original maturity of less than 3 months	149.08	116.21	91.98	250.55
	371.73	**295.59**	**133.47**	**302.04**

Notes:

1) The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profits and losses and cash flows as appearing in Annexure IV & V.

For S R B C & Co LLP
ICAI Firm Registration Number:324982E
Chartered Accountants

For and on behalf of Board of Directors of
Precision Camshafts Limited

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Partner

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Whole Time Director
DIN:02168705

Place of Signature: Solapur
Date: March 5, 2015

PRECISION CAMSHAFTS LIMITED
ANNEXURE IV- NOTES TO RESTATED CONSOLIDATED SUMMARY STATEMENTS

ANNEXURE IV - NOTES ON MATERIAL ADJUSTMENTS

The summary of results of restatements made in the audited consolidated summary statements for the respective years and its impact on the profits of the Group is as follows:

(Rs.in million)

	Particulars	Six months ended 30-Sept-2014	For the year ended		
			31-Mar-2014	31-Mar-2013	31-Mar-2012
A	**Net profit as per consolidated financial statements**	199.09	289.06	239.19	185.38
B	**Adjustments to net profit as per consolidated financial statements**				
	Prior period adjustments	159.52	(157.80)	-	-
C	**Restated profit**	**358.61**	**131.26**	**239.19**	**185.38**

Notes:

The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profits and losses and cash flows as appearing in Annexure IV.

1) Prior period item

In the financial statements for the period ended September 30,2014 , certain items of expenses have been identified as prior period adjustments. These adjustments were recorded in the year/ period when identified. However, for the purpose of Restated Consolidated Summary Statements, such prior period adjustments have been appropriately adjusted in the respective years to which the transactions pertain to.

(Rs.in million)

Particulars	Six months ended 30-Sept-2014	For the year ended		
		31-Mar-2014	31-Mar-2013	31-Mar-2012
Expenses of employee stock option	157.80	(157.80)	-	-
Current taxes	1.72			
Total	**159.52**	**(157.80)**	**-**	**-**

2) Material regrouping

Appropriate adjustments have been made in the Restated Consolidated Summary Statements of Assets and Liabilities, Profit and Losses and Cash Flows, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited consolidated financials of the Company as at and for the six month period ended September 30, 2014, prepared in accordance with Schedule III and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 (as amended).

3) Restatement adjustments made in the audited opening balance figure in the net surplus in the Statement of Profit and Loss for the year ended March 31, 2012

(Rs.in million)

Particulars	Amount
Net surplus in the statement of profit and loss as at April 1, 2011 as per audited financial statements	313.42
Adjustments	
Prior period expenses(current taxes) (refer note 1 above)	1.72
Net surplus in the statement of profit and loss as at April 1, 2011 as per audited financial statements, as restated	**311.70**

PRECISION CAMSHAFTS LIMITED
ANNEXURE V- NOTES TO RESTATED CONSOLIDATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES, STATEMENT OF PROFITS AND LOSSES AND STATEMENT OF CASH FLOWS

1. Corporate information:

Precision Camshafts Limited ('PCL' or 'the company') is primarily into the business of manufacture and sale of camshaft castings and machined camshafts to the Auto industry and the Railways.

2. Basis of preparation:

a. The Restated Consolidated Summary Statement of Assets and Liabilities of the Company, its subsidiary and joint ventures (collectively referred to as "the Group")as at September 30, 2014, March 31, 2014, 2013 and 2012 and the related Restated Consolidated Summary Statements of Profits and Losses and Cash Flows for the six month ended September 30, 2014 and for the years ended March 31, 2014, 2013 and 2012 (hereinafter collectively referred to as ('Restated Consolidated Summary Statements')) have been compiled by the management of the Company from the Interim condensed consolidated financial statements of the Group for the six months period ended September, 2014 and from the consolidated financial statements of the Group for the years ended March 31, 2014, 2013 and 2012.

b. The Interim Condensed Consolidated Financial Statements of the Group for the six months period ended September 30, 2014 and Consolidated Financial Statements of the Group for the years ended March 31, 2014, 2013 and 2012 have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The management of the Company has prepared these Consolidated Financial Statements to comply in all material respects with the accounting standards. The Consolidated Financial Statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Group and are consistent over the periods/years presented.

c. The consolidated Financial Statements of the Group for the six months period ended September 30, 2014 and for the years ended March 31, 2014, 2013 and 2012 have been prepared using the historical audited general purpose financial statements of the Company for the six months period September 30, 2014 and for the years ended March 31, 2014, 2013 and 2012; and management certified financial statements of the subsidiary and joint ventures for the six months period September 30, 2014 for the years ended March 31, 2014, 2013 and 2012 respectively, which have been prepared using recognition and measurement principles under Indian GAAP .

d. The restated consolidated summary statement of assets and liabilities of the Group as at September 30, 2014, March 31, 2014, 2013 and 2012 and the related restated consolidated summary statement of profits and losses and cash flows for the years ended March 31, 2014, 2013 and 2012 (herein collectively referred to as ('Restated consolidated summary statements') relate to the Group and have been prepared specifically for inclusion in the offer document to be filed by the Company with the Securities and Exchange Board of India ('SEBI') in connection with its proposed Initial public offering. These Restated consolidated Summary Statements of assets and liabilities, profits and losses and cash flows have been prepared by the group to comply in all material respects with the requirements of Sub-clause (i), (ii) and (iii) of clause (b) of Sub-section (1) of Section 26 of Chapter III of The Companies Act, 2013 read with rules 4 of Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the SEBI Guidelines") issued by SEBI on August 26, 2009 as amended from time to time.

3. Principles of consolidation:

The consolidated financial statements have been prepared on the following basis:

(i) The financial statements of the Company and its subsidiary have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expense after eliminating intra-group balances and transactions as per Accounting Standard (AS) 21 "Consolidated Financial Statements".

(ii) The Group recognises its interest in the joint venture using the proportionate consolidation method as per Accounting Standard (27) 'Financial Reporting of Interests in Joint Ventures'. The Group combines its proportionate share of each of the assets, liabilities, income and expenses of the joint venture with similar items, line by line, in its consolidated financial statements.

(iii) The consolidated financial statements has been prepared using uniform accounting policies for like transactions and other events in similar circumstances to the extent possible across the group and are presented, to the extent possible, in the same manner as per the parent company's separate financial statement.

The financial statement of the subsidiary/joint ventures are drawn upto the same reporting date of parent company.

The list of subsidiaries included in consolidation are mentioned below :

Subsidiary Name	Country of Incorporation	Proportion of ownership interest of the Company as on September 30, 2014	Proportion of ownership interest of the Company as on March 31,2014	Proportion of ownership interest of the Company as on March 31,2013	Proportion of ownership interest of the Company as on March 31,2012
PCL (Shanghai) Co. Ltd	China	100%	100%	100%	100%

The list of Joint venture entities of the Company included in consolidation are mentioned below:

Name of the Joint Venture entity	Country of Incorporation	Proportion of ownership interest of the Company as on September 30, 2014	Proportion of ownership interest of the Company as on March 31,2014	Proportion of ownership interest of the Company as on March 31,2013	Proportion of ownership interest of the Company as on March 31,2012
Ningbo Shenglong PCL Camshafts Co. Ltd	China	22.50%	10%	10%	-
PCLShenglong (Huzhou) Specialised Casting Co. Ltd.	China	40%	40%	-	-

4. Statement of Significant Accounting Policies

i. Use of estimates:

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

ii. Change in accounting estimate:

Pursuant to the Companies Act, 2013 ('the Act') being effective from April 1, 2014, the Company has revised the depreciation rates on its fixed assets as per the useful lives specified in Part C of the Schedule II of the Act. As a result of this change, the depreciation charge for the six months period September 30, 2014 is higher by Rs.51.6 million. In respect of assets whose useful life is already exhausted as on April 1,2 014, depreciation of Rs. 21.72 million (net of deferred tax impact of Rs.11.17 million) has been adjusted in surplus in statement of profit and loss in accordance with the requirement of Schedule II of the Act.

iii. Tangible fixed assets

Fixed assets, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of consolidated profit and loss for the period during which such expenses are incurred.

The Group adjusts exchange differences arising on translation/settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with MCA circular dated 09 August 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period. In other words, the company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the construction costs to the extent the expenditure can be attributable to construction activity or is incidental there to. Income earned during the construction period is deducted from the total of the indirect expenditure.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of consolidated profit and loss when the asset is derecognised.

iv. Depreciation on tangible fixed assets:

Depreciation is provided using the straightline method as per the useful lives of assets estimated by the management or at the rates as per the useful life prescribed under Schedule II of the Act (from April 1, 2014) and at the rates prescribed under Schedule XIV of the Companies Act, 1956 (from April 1, 2009 to March 31, 2014), whichever is higher. The Company has used the following rates to provide depreciation on its fixed assets**:**

Description of asset group	Useful lives as per management's estimate from April 1, 2014	Useful lives as per management's estimate from April 1, 2009 to March 31, 2014
Buildings	30-60 years	30-60 years
Internal roads	5-10 years	30-60 years
Plant &equipments	3-9.5 years	3-10 years
Office equipments	5-9.5 years	15-16 years
Furniture & fixture	5 years	9-10 years
Vehicles	8 years	10-11 years
Computers	3 years	6 years

Cost of leasehold land is amortised over the period of lease i.e, 90 years.

v. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of consolidated profit and loss in the year in which the expenditure is incurred.

Intangible asset in the nature of computer software are amortized over a period of two years on a straightline basis from the date the asset is available to the Company for its use. Intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of consolidated profit and loss when the asset is derecognised.

vi. Leases

Where the group is lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of consolidated profit and loss on a straight-line basis over the lease term.

vii. Borrowing costs

Borrowing cost includes interest and amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. Ancilliary costs incurred in connection with arrangement of long term borrowings are amortised over the period of the respective long term borrowing. All other borrowing costs are expensed in the period they occur.

viii. Impairment of tangible and intangible 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) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognised in the statement of consolidated profit and loss.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

ix. Investments

Investments, which are readily realisable and 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.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of consolidated profit and loss.

x. **Inventories**

Raw materials, components, stores and spares and traded goods are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and is determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

xi, **Revenue recognition**

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Income from services

Revenue from services is recognised as and when services are rendered. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

Tooling Income

Tooling income is recognized when the tool has been developed and necessary completion approvals have been received from customers.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Dividends

Dividend income is recognised when the group's right to receive dividend is established by the reporting date.

Export benefits

Export incentive benefits, by way of Duty Entitlement Pass Book Scheme (DEPB) and Focus Product Scheme, are recognized as income on the basis of receipt of proof of export.

Foreign currency translation

Foreign currency transactions and balances

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

From April 1, 2011, the company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

Exchange differences arising on long-term capitalized and depreciated over the remaining useful life of the asset. For this purpose, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.

Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

All other exchange differences are recognized as income or as expenses in the period in which they arise.

(iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/liability

The premium or discount arising at the inception of forward exchange contract is amortised and recognised as an expense/ income over the life of the contract. Exchange differences on such contracts, are recognised in the statement of consolidatedprofit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or as expense for the period. Any gain/ loss arising on forward contracts which are long-term foreign currency monetary items is recognized in accordance with paragraph (iii)(1) and (iii)(2).

Translation of integral and non-integral foreign operation

The Company classifies all its foreign operations as either "integral foreign operations" or "non-integral foreign operations."

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of consolidated profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average monthly rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognised in thestatement of consolidatedprofit and loss.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification

xii) **Retirement and other employee benefits**

Retirement benefit in the form of provident fund and superannuation fund are defined contribution schemes. The company recognizes contribution payable to the provident fund and superannuation fund as an expenditure, when an employee renders the related service. The group has no obligation, other than the contribution payable to the provident fund and superannuation funds.

The group operates a defined benefit plan in the form of gratuity for its employees. The cost of providing benefits under the plan is determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses for the defined benefit plan are recognised in full in the period in which they occur in the statement of consolidatedprofit and loss.

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of consolidated profit and loss are not deferred.

xiii) **Income taxes**

Tax expenses comprise current and deferred taxes. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in Indiaand tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in thestatement ofconsolidated profit and loss.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

In the situations where the group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of timing differences which reverse during the tax holiday period, to the extent the group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which the timing differences originate. However, the group restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each reporting date. The group writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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 tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of consolidatedprofit and loss as current tax. The group recognises MAT credit available as an asset only to the extent that there is convincing evidence that the group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the group recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of consolidated profit and loss and shown as "MAT Credit Entitlement." The group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the group does not have convincing evidence that it will pay normal tax during the specified period.

xiv) **Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

xv) **Provisions**

A provision is recognised when the group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement ofconsolidated profit and loss net of any reimbursement.

xvi) **Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The group does not recognise a contingent liability but discloses its existence in thefinancial statements.

xvii) **Cash and cash equivalents**

Cash and cash equivalents for the purposes of consolidated cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

PRECISION CAMSHAFTS LIMITED
ANNEXURE VI- RESTATED CONSOLIDATED SUMMARY STATEMENT OF RESERVES AND SURPLUS

(Rs.in million)

Particulars	Six months ended 30-Sept-2014	For the year ended		
		31-Mar-2014	31-Mar-2013	31-Mar-2012
Capital reserve				
SICOM Capital Incentive Subsidy	2.50	2.50	2.50	2.50
Closing balance	**2.50**	**2.50**	**2.50**	**2.50**
Securities premium				
Balance as per last financial statements	588.23	87.43	87.43	87.43
Add: Additions on stock options excercised (Note 1)	-	500.80	-	-
Closing balance	**588.23**	**588.23**	**87.43**	**87.43**
General reserve				
Balance as per last financial statements	55.72	55.72	55.72	55.72
Add transfer from statement of profit and loss	-	-	-	-
Closing balance	**55.72**	**55.72**	**55.72**	**55.72**
Capital redemption reserve				
Balance as per last financial statements	180.77	180.77	180.77	180.77
Add transfer from statement of profit and loss	-	-	-	-
Closing balance	**180.77**	**180.77**	**180.77**	**180.77**
Employee stock option outstanding				
Balance as per last financial statements	-	-	-	-
Add: Gross compensation for options granted	-	500.80	-	-
Less: Transferred to securities premium on exercise of stock options	-	500.80	-	-
Closing Balance	-	-	-	-
Foreign currency translation reserve				
Balance as per last financial statements	-2.52	0.22	-	-
Addition during the period/year	-7.18	-2.74	0.22	-
Closing Balance	**-9.70**	**-2.52**	**0.22**	-
Surplus in the consolidated statement of profit and loss				
Balance as per last financial statements	856.60	729.06	493.49	311.70
Profit for the period/year as restated	358.61	131.26	239.19	185.38

Particulars	Six months ended 30-Sept-2014	For the year ended		
		31-Mar-2014	31-Mar-2013	31-Mar-2012
Less: Appropriations				
Proposed final equity dividend	-	3.18	3.09	3.09
Tax on dividend	-	0.54	0.53	0.50
Adjustment to net block of fixed assets (Note 2)	21.70	-	-	-
Total appropriations	**21.70**	**3.72**	**3.62**	**3.59**
Net surplus in the statement of profit and loss	**1,193.51**	**856.60**	**729.06**	**493.49**
Total Rs.	**2,011.03**	**1,681.30**	**1,055.70**	**819.91**

Notes:

1) During the year ended March 31, 2014, the board of directors approved the PCL Key Executives Stock Option Scheme 2014 (PCL KESOS 2014), an equity settled share based payment plan, for issue of stock options to the key employees and directors of the Company. According to the PCL KESOS 2014, the employee selected by the remuneration committee will be entitled to options. The contractual life (comprising the vesting period and the exercise period) of options granted is 30 days. The other relevant terms of the grant were:

Date of share holders approval	30 January 2014
Number of options granted during FY 2014	100,000.00
Outstanding at the end of the year	-
Exercisable at the end of the year	-
Exercise price per option	5,108.00
Method of settlement	Equity

The options are vested immediately and should be exercised within 30 days from the vesting date. The compensation costs of PCL KESOS 2014 charged during the year ended March 31, 2014 amounted to Rs. 500.80 million. As the entire options were exercised during the year; the entire cost was recognised during the year ended March 31, 2014; and there were no costs pending to be deferred as at March 31, 2014.

2) Refer Note 3 (ii) Change in accounting estimates for details.

3) The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Company.

4) The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profits and losses and cash flows as appearing in Annexure IV.

PRECISION CAMSHAFTS LIMITED
ANNEXURE VII- RESTATED CONSOLIDATED STATEMENT OF LONG TERM BORROWINGS

(Rs.in million)

Particulars	As at			
	30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012
Secured Borrowings				
Rupee term loans from banks (Notes 2 and 3)				
Non-current portion	-	-	101.71	197.89
Current maturities	-	-	88.43	101.42
	-	**-**	**190.14**	**299.31**
Foreign currency term loans from banks (Notes 2 and 4)				
Non-current portion	1,127.60	1,244.24	1,152.24	1,169.41
Current maturities	294.42	342.61	122.00	65.19
	1,422.02	**1,586.85**	**1,274.24**	**1,234.60**
Vehicle loans from banks (Note 5)				
Non-current portion	-	-	1.67	3.78
Current maturities	0.16	1.68	2.81	4.02
	0.16	**1.68**	**4.48**	**7.80**
Total secured borrowings	**1,422.18**	**1,588.53**	**1,468.86**	**1,541.71**
Unsecured borrowings				
Loan from Tata Capital Limited (Notes 1 and 6)				
Non-current portion	-	-	-	20.83
Current maturities	-	-	20.83	25.00
	-	**-**	**20.83**	**45.83**
Foreign currency term loans (Notes 4)				
Non current portion	163.26	57.84	24.54	-
Current maturities	-	-	-	-
	163.26	**57.84**	**24.54**	**-**
Fixed deposits from shareholders (Note 7)				
Non-current portion	-	3.10	32.90	0.50
Current maturities				

Particulars	As at			
	30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012
	3.10	30.00	0.50	1.20
	3.10	**33.10**	**33.40**	**1.70**
Fixed deposits from others (Notes 1 and 7)				
Non-current portion	-	-	-	30.00
Current maturities	30.00	-	-	23.66
	30.00	-	-	**53.66**
Total unsecured borrowings	**196.36**	**90.94**	**78.77**	**101.19**
Less : Current maturities disclosed under the head "Other current liabilities"	**327.68**	**374.29**	**234.57**	**220.49**
Total long term borrowings	**1,290.86**	**1,305.18**	**1,313.06**	**1,422.41**

Notes:

1) Loan from Directors/Promoters/Promoter Group Companies/Relatives of Promoters/Relatives of Directors/ Entities having significant influence

(Rs.in million)

Particulars	As at			
	30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012
Entities having significant influence				
Tata Capital Limited	-	-	20.83	45.83
Others				
Dr. Manjiri V Chitale jointly with Dr.Vinayak Chitale	0.60	0.60	-	-
Dr Vinayak Chitale jointly with Dr.Manjiri Chitale	0.60	0.60	-	-
Karan Y. Shah	1.05	1.05	1.05	1.05
Tanvi Y Shah (initally in the name of Urmila Shah jointly with Tanvi Y. Shah)	0.65	0.65	0.65	0.65
Dr Vinayak Chitale jointly with Dr.Manjiri Chitale	0.20	0.20	-	-
Urmila Shah	-	-	0.10	0.10
	3.10	**3.10**	**1.80**	**1.80**
	3.10	**3.10**	**22.63**	**47.63**

2) Key terms and break down of the term loans outstanding are as follows:

(Rs.in million)

Particulars	As at			
	30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012
Non-current portion				
Foreign Currency Term Loan 1 BOB	482.20	521.16	560.16	545.59
Foreign Currency Term Loan 2 BOB	152.30	158.46	-	-
Foreign Currency Term Loan 3 BOB	10.90	-	-	-
Foreign Currency Term Loan 2 BOI	482.20	521.16	560.16	545.59
Foreign Currency loan from Shenglong Powertrain Co. Ltd	163.26	57.84	24.54	-
Subtotal (A)	1,290.86	1,258.62	1,144.86	1,091.18
Current maturities				
Foreign Currency Term Loan 1 BOB	102.01	96.40	40.99	19.26
Foreign Currency Term Loan 2 BOB	28.21	34.95	-	-
Foreign Currency Term Loan 3 BOB	17.07	-	-	-
Foreign Currency Term Loan 4 BOB	39.90	-	-	-
Foreign Currency Term Loan 1 BOI	5.22	27.43	-	-
Foreign Currency Term Loan 2 BOI	102.01	96.40	40.99	19.26
Subtotal(B)	294.42	255.18	81.98	38.52
Total (A+B)	**1,585.28**	**1,513.80**	**1,226.84**	**1,129.70**

3) Rupee term loans

Rupee term loans were secured by first pari passu charge by way of hypothecation of plant and machinery and equitable mortgage of factory land and building situated at three locations, namely Plot No D5, MIDC Chincholi, Solapur; Unit I situated at Plot No. E-102, 103, Akkalkot Road, MIDC, Solapur and Unit II situated at Plot No. E-90, Akkalkot Road, MIDC, Solapur. Further, the loans were collaterally secured by way of extension of pari passu charge on current assets. Also, the loans were guaranteed by the personal guarantee of directors, Yatin S. Shah and Dr. Suhasini Y. Shah. The tenure of rupee term loan ranges from 2 to 5 years.

There are no penalties or any event of default in regard to the above rupee term loans during the periods disclosed above.

4) Foreign currency term loans

Foreign currency term loan carries interest at the rate of LIBOR plus 380 bps p.a. The tenure of the loan is 7 years and the loan is repayable in 20 quarterly installments commencing after 24 months of the weighted average draw down date. The loan is secured by pari passu charge on all moveable and immoveable fixed assets and that created by the proposed loan and also all future fixed assets, mortgage of Plot No. D-7, MIDC Chincholi, Solapur. The loans has been secured by the personal guarantee of directors, Yatin S. Shah and Dr. Suhasini Y. Shah.

Foreign currency term loan 1 BOB having interest rate of LIBOR plus 380 bps p.a. was repayable in 20 variable instalments along with interest commencing from October 2013.

Foreign currency term loan 2 BOB having interest rate of LIBOR plus 345 bps p.a. was repayable in 20 variable instalments along with interest commencing from October 2013.

Foreign currency term loan 3 BOB having interest of LIBOR plus 650 bps p.a. was in 8 instalments of Rs. 3.34 million each along with interest commencing from May 2014.

Foreign currency term loan 4 BOB having interest of LIBOR plus 650 bps p.a. was in 17 instalments of Rs. 3.34 million each along with interest commencing from May 2014.

Foreign currency term loan 1 BOI having interest of LIBOR plus 650 bps p.a. was in 5 instalments of Rs. 9.38 million each along with interest commencing from December 2013.

Foreign currency term loan 2 BOI having interest rate of LIBOR plus 380 bps p.a. was repayable in 20 variable instalments along with interest commencing from October 2013.

There are no penalties or any event of default in regard to the above foreign currency term loans during the periods disclosed above.

Unsecured foreign currency term loan from Ningbo Shenglong Powertrain Co. Ltd having interest rate at China prime interest rate plus 20%. No maturity term has been specified by the lender, and interest on loan is repayable on a monthly basis.

5) Key terms and break down of vehicle loan are as follows:

(Rs.in million)

Particulars	**As at**			
	30-Sept-2014	**31-Mar-2014**	**31-Mar-2013**	**31-Mar-2012**
Current maturities				
Vehicle Loan from BOB	0.16	1.68	2.81	3.20
Total	**0.16**	**1.68**	**2.81**	**3.20**

Vehicle loans from banks are secured against the respective vehicles purchased.
Vehicle loan from BOB is having interest of 12.25 % p.a. repayable in 36 monthly installments.

6) Loan from Tata Capital Limited carried interest at the rate of Long Term Lending Rate minus 4.00% i.e. 14.00% p.a. floating interest rate. The loan was repayable in 24 monthly installments of Rs. 2.08 million along with interest; and was guaranteed by the personal guarantee of directors, Yatin S. Shah and Dr. Suhasini Y. Shah.

7) Deposits from shareholders and others carry interest at the rate of 12.00% p.a. and are repayable after 3 years from the respective dates of deposit. The Company has classified deposits amounting to Rs.3.1 million as current maturities during the six month period ended September 30, 2014 in accordance with the requirements of Section 74 of the Companies Act, 2013, which is effective from April 1, 2014.

8) The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.

9) The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV & V.

10) List of persons/entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

PRECISION CAMSHAFTS LIMITED
ANNEXURE VIII- RESTATED CONSOLIDATED STATEMENT OF LONG TERM AND SHORT TERM PROVISIONS

A) LONG TERM PROVISIONS

(Rs.in million)

Particulars	As at			
	30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012
Provision for employee benefits				
Provision for gratuity	-	-	3.24	-
Total	**-**	**-**	**3.24**	**-**

B) SHORT TERM PROVISIONS

(Rs.in million)

Particulars	As at			
	30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012
Provision for employee benefits				
Provision for gratuity	-	-	6.83	-
Provision for leave benefits	30.37	22.52	19.15	15.97
Other provisions				
Provision for income tax (net of advance taxes)	207.23	78.91	21.73	11.44
Provision for proposed dividend on equity shares	3.18	3.18	3.09	3.09
Provision for tax on proposed dividend on equity shares	0.54	0.54	0.53	0.50
Total	**241.32**	**105.15**	**51.33**	**31.00**

Notes:

1) The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.

2) The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV & V.

PRECISION CAMSHAFTS LIMITED
ANNEXURE IX- RESTATED CONSOLIDATED STATEMENT OF SHORT TERM BORROWINGS

(Rs.in million)

Particulars	As at			
	30-Sept-2014	**31-Mar-2014**	**31-Mar-2013**	**31-Mar-2012**
Secured borrowings				
Cash credit from banks	14.05	46.20	46.89	44.35
Foreign bills purchased	-	-	-	63.31
Packing credit loans in Indian rupees	-	38.47	25.84	46.57
Packing credit loans in foreign currency	386.02	437.44	170.87	-
Unsecured borrowings				
Foreign currency loans from others	92.12	24.24	-	-
Total	**492.19**	**546.35**	**243.60**	**154.23**

Notes:

1) The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.

2) The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV & V.

3) Cash credit from banks, foreign bills purchased and packing credit loans are secured by first pari passu charge by way of hypothecation of current assets including stocks and book debts. Further, the facilities are collaterally secured by extension of pari passu charge by way of hypothecation of plant and machinery and equitable mortgage of factory land and building situated at Plot No.s D5, MIDC Chincholi, Solapur, Unit I situated at Plot No. E-102, 103, Akkalkot Road, MIDC, Solapur and Unit II situated at Plot No. E-90, Akkalkot Road, MIDC, Solapur. Also, the facilities have been secured by the personal guarantee of directors, Yatin S. Shah and Dr. Suhasini Y. Shah.

4) Key terms of borrowings outstanding as at September 30,2014 are as follows:
Cash credit from banks is repayable on demand and carries interest at the rate of 11.70% to 15.50% p.a.
Packing credit loans in foreign currency carries interest at the rate of 2.82% to 3.89% p.a.

5) Unsecured foreign currency loan from others is obtained from Ningbo Shenglong Powertrain Co. Ltd and carries an interest of 6.16 % to 6.60%. The loan is repayable on demand and the interest is payable to the party on a monthly basis.

6) There are no unsecured loans taken from Directors/Promoters/Promoter Group/Relatives of Promoters/Relatives of Directors/subsidiary companies/entities having significant influence.

7) List of persons/entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

PRECISION CAMSHAFTS LIMITED
ANNEXURE X- RESTATED CONSOLIDATED STATEMENT OF TRADE PAYABLES AND OTHER CURRENT LIABILITIES

(Rs.in million)

Particulars	As at			
	30-Sept-2014	**31-Mar-2014**	**31-Mar-2013**	**31-Mar-2012**
Trade payables	676.03	643.30	563.45	339.25
	676.03	**643.30**	**563.45**	**339.25**
Current maturities of long-term borrowings (refer Annexure VII)	327.68	374.29	234.57	220.49
Interest accrued but not due on borrowings	10.00	10.91	8.27	7.46
Interest accrued and due on borrowings (Note 3)	3.07	1.31	1.75	2.37
Unpaid matured deposits and interest accrued thereon	13.73	13.73	13.73	13.73
Advances from customers (Note 3_	24.98	51.29	16.52	29.97
Sundry creditors for capital goods purchased (Note 3)	30.12	37.97	154.64	111.02
Employee benefits payable (Note 3)	127.54	90.74	26.40	34.44
Book overdraft	26.67	9.77	95.86	52.89
Tax deducted at source payable	1.03	34.66	7.21	15.47
Value added tax payable	0.01	0.01	0.01	-
Others	113.70	23.72	14.76	10.61
Total other current liabilities	**678.53**	**648.40**	**573.72**	**498.45**
Total	**1,354.56**	**1,291.70**	**1,137.17**	**837.70**

Notes:

1) The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.

2) The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV & V.

3) Following are the amounts due to Directors/Promoters/Promoter Group/Relatives of Promoters/Relatives of Directors/ Entities having significant influence/subsidiary / joint ventures.

(Rs.in million)

Particulars	As at			
	30-Sept-2014	**31-Mar-2014**	**31-Mar-2013**	**31-Mar-2012**
Trade payables				
Cams Technology Limited	1.17	0.84	-	-
Chitale Clinic Private Limited	-	-	0.02	-
Interest accrued and due on borrowings				
Tata Capital Limited	-	-	0.18	0.39

Particulars	As at			
	30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012
Advance from customer				
Ningbo Shenglong PCL Camshaft Co. Ltd	-	17.83	-	-
Sundry creditors for capital goods purchased				
Kimaya Construction Private Limited	1.43	-	45.25	35.07
Employee benefits payable				
Yatin S. Shah	32.62	54.00	17.36	34.44
Dr. Suhasini Y. Shah	12.71	14.00	-	-
Ravindra R. Joshi	25.59	22.74	-	-
	73.52	**109.41**	**62.81**	**69.90**

4) List of persons/entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

PRECISION CAMSHAFTS LIMITED
ANNEXURE XI- RESTATED CONSOLIDATED STATEMENT OF NON CURRENT INVESTMENTS

(Rs.in million)

Particulars	As at			
	30-Sept-2014	**31-Mar-2014**	**31-Mar-2013**	**31-Mar-2012**
Trade investments-unquoted, valued at cost				
Unquoted preference shares				
Cams Technology Limited (Note 1)	620.00	620.00	-	-
Non-trade investments - unquoted, valued at cost				
Equity shares of Laxmi Co-op. Bank Limited	0.13	0.13	0.13	0.13
Equity shares of Solapur Janata Sahakari Bank Limited*	0.01	0.01	0.01	0.01
Total non current investments	**620.14**	**620.14**	**0.14**	**0.14**

* Amount of investments below Rs.0.01 million

Notes:

1) **Investment in Cams Technology Limited**
The Company holds 6,20,00,000 5% redeemable non convertible preference shares of Cams Technology Limited (CTL) as at September 30, 2014. These preference shares were issued on August 17, 2013 as optionally fully convertible non cumulative preference shares, the terms of which, subsequently, pursuant to a resolution passed in the class meeting of preference shareholders on April 1, 2014, were altered to 5% redeemable non convertible preference shares.

   The Management of the Company, based on a legal opinion is of the view that CTL is not a subsidiary under the provisions of the Companies Act, 2013. Accordingly, the accounting treatment and disclosures in the financial statements for the above periods have been made assuming that CTL is not a subsidiary.

2) The investments are in the name of the Company.

3) The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.

4) The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV & V.

PRECISION CAMSHAFTS LIMITED
ANNEXURE XII- RESTATED CONSOLIDATED STATEMENT OF LONG TERM LOANS AND ADVANCES AND OTHER NON CURRENT ASSETS

(Rs.in million)

Particulars	As at			
	30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012
A. Long term loans and advances				
Unsecured, considered good				
Capital advances (Refer Note 3)	**49.61**	**28.12**	**64.20**	**134.51**
Security deposit	**17.13**	**16.68**	**16.19**	**15.65**
Advances recoverable in cash or kind or for value to be received	7.63	4.68	6.75	4.67
Other loans and advances				
Income tax deposited with tax authorities	2.89	8.40	4.95	1.95
Other advances	1.21	2.03	1.21	1.23
Total long term loans and advances (A)	**78.47**	**59.91**	**93.30**	**158.01**
B. Other non-current assets				
Unsecured, considered good				
Non-current bank balances	21.26	22.83	19.31	39.50
Unamortised expenditure (ancillary cost of borrowings)	3.90	5.08	8.40	10.31
Total other non-current assets (B)	**25.16**	**27.91**	**27.71**	**49.81**

Notes:

1) The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.

2) The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV & V.

3) Following are the amounts due from Directors/Promoters/Promoter Group/Relatives of Promoters/Relatives of Directors/ Entities having significant influence/subsidiary / joint ventures.

(Rs.in million)

Particulars	As at			
	30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012
Capital advances				
Kimaya Construction Private Limited	-	-	33.42	22.17
	-	**-**	**33.42**	**22.17**

4) List of persons/entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

PRECISION CAMSHAFTS LIMITED
ANNEXURE XIII- RESTATED CONSOLIDATED STATEMENT OF CURRENT TRADE RECEIVABLES

(Rs.in million)

Particulars	As at			
	30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	1.30	0.71	-	-
Considered doubtful	4.43	5.83	0.14	19.36
	5.73	**6.54**	**0.14**	**19.36**
Less: Provision for doubtful receivables	4.43	5.83	0.14	19.36
(A)	**1.30**	**0.71**	**-**	**-**
Other receivables less than six months				
Unsecured, considered good	891.89	1,121.47	809.56	556.32
Considered doubtful	8.97	6.38	21.02	0.50
	900.86	**1,127.85**	**830.58**	**556.82**
Less: Provision for doubtful receivables	8.97	6.38	21.02	0.50
(B)	**891.89**	**1,121.47**	**809.56**	**556.32**
Total (A+B) Current trade receivables	**893.19**	**1,122.18**	**809.56**	**556.32**

Notes:

1) The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.

2) The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexures IV & V.

3) Amounts due from Directors/Promoters/Promoter Group Companies/Relatives of Promoters/Relatives of Directors/Subsidiary Company/Joint Ventures are as below:

(Rs.in million)

Particulars	As at			
	30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012
Other receivables less than six months				
Ningbo Shenglong PCL Camshaft Co Ltd.	74.00	115.59	8.93	-
	74.00	**115.59**	**8.93**	**-**

4) List of persons/entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

PRECISION CAMSHAFTS LIMITED
ANNEXURE XIV- RESTATED CONSOLIDATED STATEMENT OF SHORT TERM LOANS ADVANCES AND OTHER CURRENT ASSETS

(Rs.in million)

Particulars	As at			
	30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012
A. Short term loans and advances				
Unsecured, considered good				
Advances recoverable in cash or kind or for value to be received	62.48	54.70	33.56	22.15
Other loans and advances				
Balances with statutory/government authorities	101.32	87.01	68.68	21.58
Gratuity prepaid	0.61	0.62	-	-
Other advances	19.12	-	3.50	-
Total short term loans and advances (A)	**183.53**	**142.33**	**105.74**	**43.73**
B. Other current assets				
Unsecured, considered good				
Unamortised expenditure (ancillary cost of borrowings)	2.49	2.72	3.52	3.73
Interest accrued on fixed deposits	3.54	3.73	2.35	3.04
Forward contract receivables	3.83	3.18	8.19	-
Other claims and receivables	11.70	18.76	16.59	10.12
Total other current assets (B)	**21.56**	**28.39**	**30.65**	**16.89**

Notes:

1) The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.

2) The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV & V.

3) List of persons/entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

4) There are no amounts due from Directors/Promoters/Promoter Group Companies/Relatives of Promoters/Relatives of Directors/Joint Venture Companies.

PRECISION CAMSHAFTS LIMITED
ANNEXURE XV- RESTATED CONSOLIDATED STATEMENT OF OTHER INCOME

(Rs.in million)

Particulars	Nature	Related / not related to business activity	Six months ended 30-Sept-2014	For the year ended		
				31-Mar-2014	31-Mar-2013	31-Mar-2012
Interest income on						
Bank deposits	recurring	not related	19.93	16.02	19.19	10.71
Others	non recurring	not related	0.70	1.42	1.45	0.34
Dividend income on long term investments	recurring	not related	0.02	0.02	0.01	0.01
Exchange differences (net)	recurring	related	8.48	66.04	48.04	72.49
Excess provision for doubtful debts written back	non recurring	related	-	8.95	-	1.93
Technical support fee (Refer Annexure XIX)	non recurring	related	11.88	10.17	18.01	-
Compensation from customer	non recurring	related	23.77	22.37	-	-
Miscellaneous income	non recurring	related	4.50	0.55	0.49	0.78
Total			**69.28**	**125.54**	**87.19**	**86.26**

Notes:

1) The classification of other income as recurring/not-recurring, related/not-related to business activity is based on the current operations and business activity of the Group as determined by the management.

2) The figures disclosed above are based on the restated consolidated summary statement of profits and losses of the Group.

3) The above statement should be read with the notes to restated consolidated summary statement of assets and liabilities, profits and losses and cash flows appearing in Annexures IV & V.

PRECISION CAMSHAFTS LIMITED
ANNEXURE XVI- RESTATED CONSOLIDATED STATEMENT OF CONTINGENT LIABILITIES

(Rs.in million)

Particulars*	As at			
	30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012
Disputed Income tax	-	-	3.95	6.96
Excise duty	2.08	2.08	-	-
Service tax	0.07	0.07	0.68	0.68
Sales Tax	-	-	0.42	0.42
Provident fund	1.21	1.21	1.21	1.21
Claims not acknowledge as debt	3.18	3.18	3.18	3.18

*In all the cases mentioned above, outflow is not probable, hence not provided by the company

Notes:

1) The Collector of Stamps, Solapur has demanded payment of stamp duty of Rs. 3,178,389 for cancellation and issue of equity shares after amalgamation of Precision Valvetrain Components Limited (PVPL) with the Company in year 2007-2008. The Company has filed an appeal against demand made by the Collector of Stamps, Solapur with Controlling Revenue Authority, Pune.

2) The Company is in appeal and the application is pending with “Hon’ble High Court of Judicature Appellate” against the claim made under Employees Provident Funds and Miscellaneous Provision Act, 1952 for Rs. 24,23,488. The Company has deposited an amount of Rs. 1,211,744 under protest which has been shown under Loans and Advances.

3) The Company has received an order from Commissioner of Central Excise Pune for the year 2002-03, 2003-04 and 2004-05 demanding excise duty amounting to Rs. 2,076,478 (Previous Year Rs. 2,076,478) on sales tax retained under sales tax deferral scheme.

4) The Company has received an order from Commissioner, Central Excise Nagpur disallowing cenvat credit amounting to Rs. 69,938 (Previous Year Rs. 69,938) on account of duty not charged on goods cleared by its dealer.

5) The Company had received an order from the Joint Commissioner Income Tax (Transfer Pricing Officer II) for assessment years ("AY") 2003-04 and 2005-06 making additions of Rs. 28,800,000 on account of transfer pricing adjustments. The Company had filed its objections with Dispute Resolution Panel-II (DRP), Mumbai against the said adjustments. The total tax liability that arised on account of this and other matters was Rs. 6,013,212. The Assistant Commissioner of Income Tax, Solapur had raised demand against the Company for the same vide order dated December 28, 2011 for the AY 2006-07. The Company had made an appeal with the Commissioner of Income Tax (Appeals) Pune. Out of the total demand, the Company has deposited Rs. 3,007,000 with the Income tax authorities. During the year ended March 31, 2014, the Company has received favourable order from ITAT. The Company has filed rectification under section 154 of the Income Tax Act, 1961 during January 2015 to effect the above adjustments.

6) The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.

7) The above statement should be read with the notes to restated consolidated summary statement of assets and liabilities, profits and losses and cash flows appearing in Annexures IV & V.

PRECISION CAMSHAFTS LIMITED
ANNEXURE XVII- RESTATED CONSOLIDATED SEGMENT INFORMATION

a) Details of segment revenue

(Rs.in million)

Particulars	Six months ended 30-Sept-2014	For the year ended		
		31-Mar-2014	31-Mar-2013	31-Mar-2012
Sales within India	552.33	1,058.38	1,049.75	937.59
Sales outside India	2,097.38	3,615.19	2,538.49	2,088.54
Total	**2,649.71**	**4,673.57**	**3,588.24**	**3,026.13**

b) Details of carrying amount of segment assets by geographical locations

(Rs.in million)

Particulars	As at			
	30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012
Within India	2,871.90	3,199.20	3,002.06	2,133.28
Outside India	1,109.08	915.79	654.90	392.02
Total	**3,980.98**	**4,114.99**	**3,656.96**	**2,525.30**

c) Total cost incurred during the year to acquire segment assets (fixed assets including intangible assets) that are expected to be used for more than one year

(Rs.in million)

Particulars	Six months ended 30-Sept-2014	For the year ended		
		31-Mar-2014	31-Mar-2013	31-Mar-2012
Within India	96.44	260.60	791.55	854.84
Outside India	102.15	904.45	20.08	0.16
Total	**198.59**	**1,165.05**	**811.63**	**855.00**

Notes:

1) The Group's operations comprise of only one primary business segment. i.e. Camshafts. In view of the same, separate segmental information is not required to be disclosed in accordance with Accounting Standard (AS) 17- Segment Reporting.

2) The Group's secondary segments are based on the geographic distribution of activities. Revenue and receivables are specified by location of customers while the other geographic information is specified by location of the assets.

3) The Group does not maintain country wise details of segment results and capital employed; and hence the details of segment results and capital employed on geographical basis has not been disclosed above.

4) The figures disclosed above are based on the restated consolidated summary statements of assets and liabilities and profits and losses of the Group.

5) The above statement should be read with the notes to restated consolidated summary statement of assets and liabilities, profits and losses and cash flows appearing in Annexures IV & V.

PRECISION

PRECISION CAMSHAFTS LIMITED
ANNEXURE XVIII- RESTATED CONSOLIDATED SUMMARY STATEMENT OF ACCOUNTING RATIOS

Rs. in million (except per share data in Rs.)

	Particulars		Six months ended 30-Sept-2014	For the year ended 31-Mar-2014	31-Mar-2013	31-Mar-2012
A.	Basic earnings per share (Rs.) (refer note 1 (a) below)	C / D	4.38	2.06	3.87	3.00
B.	Diluted earnings per share (Rs.) (refer note 1 (b) below)	C / E	4.38	2.06	3.87	3.00
C.	Net profit after tax as restated		358.61	131.26	239.19	185.38
D.	Weighted average number of equity shares outstanding at end of the period/year		81,841,600	63,649,819	61,841,600	61,841,600
E.	Weighted average number of equity shares which should be considered for calculating diluted EPS		81,841,600	63,649,819	61,841,600	61,841,600
F.	Net Worth at the end of the period/year		2,051.95	1,722.22	1,086.62	850.83
G.	Total number of equity shares outstanding at the end of the period/ year		409,208	409,208	309,208	309,208
H.	Total number of equity shares outstanding at the end of the period/ year (after spilt and bonus)		81,841,600	81,841,600	61,841,600	61,841,600
I.	Return on Net Worth (%) (Refer note 1 (c) below)	C / F *100	17.48%	7.62%	22.01%	21.79%
J.	Net asset value per equity share (Rs.) (Refer note 1 (d) below)	F / G	5,014.44	4,208.67	3,514.20	2,751.64
K.	Net asset value per equity share (Rs.) (Refer note 1 (e) below)	F / H	25.07	21.04	17.57	13.76

Notes:

1) The ratios have been computed as below:

(a) Basic earnings per share (Rs.)	Net profit after tax as restated for calculating basic EPS / Weighted average number of equity shares outstanding at the end of the period / year
(b) Diluted earnings per share (Rs.)	Net profit after tax as restated for calculating diluted EPS / Weighted average number of equity shares outstanding at the end of the period / year for diluted EPS
(c) Return on net worth (%)	Net profit after tax (as restated) / Net worth at the end of the period / year
(d) Net assets value per share	Net Worth at the end of the period/ year / Total number of equity shares outstanding at the end of the period / year
(e) Net assets value per share (effect of split and bonus issue of equity shares)	Net Worth at the end of the period/ year / Total number of equity shares outstanding at the end of the period / year (after split and bonus issue)

2) Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the period/year adjusted by the number of equity shares issued during period/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 period/year.

3) Net worth for ratios mentioned in note 1(c) and 1(d) is = Equity share capital + Reserves and surplus (including, Securities Premium, General Reserve, Stock options outstanding and surplus in statement of profit and loss).

4) The Company has subdivided equity shares of face value of Rs. 100 each into face value of Rs. 10 each which has been approved by the share holders in extra ordinary general meeting held on December 30, 2014. In the same meeting the Company has declared bonus shares in the ratio of 19:1 to all existing shares holders. Accordingly, the number of equity shares and face value of shares considered for computation of basis and diluted earnings per share for the year ended March 31,2014, March 31,2013, March 31,2012, March 31, 2011 & March 31, 2010 and period ended September 30,2014 have been adjusted for the impact of share split and bonus issue.

5) The figures disclosed above are based on the consolidated restated summary statements of the Group.

6) The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profits and losses and cash flows as appearing in Annexure IV and V.

PRECISION CAMSHAFTS LIMITED
ANNEXURE XIX- RESTATED CONSOLIDATED STATEMENT OF RELATED PARTY TRANSACTIONS

LIST OF RELATED PARTIES AND TRANSACTIONS AS PER REQUIREMENTS OF ACCOUNTING STANDARD -18, 'RELATED PARTY DISCLOSURES'

Particulars	As at			
	30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012
Related parties with whom transactions have been entered into during the year/period				
(i) Entity having significant influence ("ESI")		Tata Capital Limited (upto August 21, 2013)	Tata Capital Limited	Tata Capital Limited
(ii) Key Management Personnel ("KMP")	Mr. Yatin S Shah Dr. Suhasini Y Shah Mr. Ravindra R. Joshi	Mr. Yatin S Shah Dr. Suhasini Y Shah Mr. Ravindra R. Joshi	Mr. Yatin S Shah Dr. Suhasini Y Shah Mr. Ravindra R. Joshi	Mr. Yatin S Shah Dr. Suhasini Y Shah Mr. Ravindra R. Joshi Mr. Subhash Shah
(iii) Relatives of Key Management Personnel ("RKMP")	Mrs. Urmila Subhash Shah Mr. Karan Y Shah Ms. Tanvi Y Shah Dr. Manjiri Chitale Dr. Vinayak Chitale	Mrs. Urmila Subhash Shah Mr. Karan Y Shah Ms. Tanvi Y Shah Dr. Manjiri Chitale Dr. Vinayak Chitale	Mrs. Urmila Subhash Shah Mr. Karan Y Shah Ms. Tanvi Y Shah	Mrs. Urmila Subhash Shah Mr. Karan Y Shah Ms. Tanvi Y Shah
(iv) Enterprises owned or significantly influenced by key management personnel or their relatives ("EKMP/ERKMP")	Kimaya Construction Private Limited Chitale Clinic Private Limited Precision Foundation & Medical Research Trust Yatin S. Shah (HUF) Cams Technology Limited	Kimaya Construction Private Limited Chitale Clinic Private Limited Precision Foundation & Medical Research Trust Yatin S. Shah (HUF) Cams Technology Limited	Kimaya Construction Private Limited Chitale Clinic Private Limited Precision Foundation Yatin S. Shah (HUF)	Precision Foundation Yatin S. Shah (HUF) Subhash R. Shah (HUF)

Particulars	As at			
	30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012
(v) Individual having significant influence ("SI")	Mr. Jayant Aradhye	Mr. Jayant Aradhye	Mr. Jayant Aradhye	Mr. Jayant Aradhye
(vi) Relative of Individual having significant influence ("RSI")		Mr. Maneesh Aradhye Dr. Sunita Aradhye Mr. Rama Aradhye Mr. Vijay Aradhye	Mr. Maneesh Aradhye Dr. Sunita Aradhye Mr. Rama Aradhye Mr. Vijay Aradhye	Mr. Maneesh Aradhye Dr. Sunita Aradhye Mr. Rama Aradhye Mr. Vijay Aradhye
(vii) Joint Venture ("JV")	Ningbo Shenglong PCL Camshaft Co Ltd. PCL Shenglong (Huzhou) Specialized Casting Co Ltd.	Ningbo Shenglong PCL Camshaft Co Ltd. PCL Shenglong (Huzhou) Specialized Casting Co Ltd.	Ningbo Shenglong PCL Camshaft Co Ltd.	

Notes :

1) The classification and the disclosures of information of related parties for each of the years is in accordance with the Accounting Standard (AS) 18 - Related Party Disclosures, as specified by the Regulations.

2) The figures disclosed above are based on the restated consolidated summary statements of assets and liabilities and profits and losses of the Company.

3) The above statement should be read with the notes to restated consolidated summary statement of assets and liabilities, profits and losses and cash flows appearing in Annexures IV & V.

DETAILS OF TRANSACTIONS WITH RELATED PARTIES

(Rs.in million)

	Particulars	Relationship	Six months ended 30-Sept-2014	For the year ended		
				31-Mar-2014	31-Mar-2013	31-Mar-2012
1	**Remuneration**					
	Yatin S. Shah	KMP	52.65	82.50	43.40	44.64
	Dr. Suhasini Y.Shah	KMP	14.40	17.71	1.69	1.40
	Ravindra R. Joshi	KMP	29.80	28.68	3.90	3.30
	Subhash R. Shah	KMP	-	-	-	0.21
2	**Dividend paid on equity shares**					
	Tata Capital Limited	ESI	-	-	0.80	0.80
	Cams Technology Limited	EKMP/ERKMP	-	0.80	-	-
	Yatin S. Shah	KMP	-	0.69	0.61	0.33

	Particulars	Relationship	Six months ended 30-Sept-2014	For the year ended		
				31-Mar-2014	31-Mar-2013	31-Mar-2012
	Jayant Aaradhye	SI	-	0.56	0.56	0.56
	Yatin S. Shah Jointly held with Dr. Suhasini Y.Shah	KMP	-	0.68	0.56	0.21
	Dr. Suhasini Y. Shah	KMP	-	0.24	-	-
3	**Investment in preference shares**					
	Cams Technology Limited	EKMP/ERKMP	-	620.00	-	-
4	**Repayment of deposits**					
	Yatin Shah jointly with Suhasini Y. Shah	KMP	-	-	-	2.40
	Subhash Shah	KMP	-	-	-	0.68
	Dr. Suhasini Y Shah	KMP	-	-	-	1.20
	Karan Y.Shah	RKMP	-	-	1.05	-
	Tanvi Y. Shah	RKMP	-	-	0.65	0.83
	Dr. Manjiri Chitale	RKMP	-	0.10	-	-
	Dr. Vinayak Chitale	RKMP	-	0.30	-	-
	Urmila Shah	RKMP	-	0.10	-	-
5	**Interest paid on deposits**					
	Yatin S. Shah	KMP	-	-	-	0.16
	Dr. Suhasini Y Shah	KMP	-	-	-	0.09
	Tanvi Shah	RKMP	0.04	0.08	0.08	0.10
	Karan Shah	RKMP	0.06	0.13	0.13	0.13
	Dr. Manjiri Chitale	RKMP	0.04	0.07	-	-
	Dr. Vinayak Chitale	RKMP	0.05	0.10	-	-
	Urmila Shah	RKMP		0.01*	-	-
6	**Interest paid on loans**					
	Tata Capital Limited	ESI	-	1.18	4.61	1.69
7	**Rent paid**					
	Yatin S. Shah	KMP	0.12	0.24	0.24	0.24
8	**Sale of manufactured goods**					
	Ningbo Shenglong PCL Camshafts Co Ltd	JV	173.05	322.61	17.74	-

	Particulars	Relationship	Six months ended 30-Sept-2014	For the year ended		
				31-Mar-2014	31-Mar-2013	31-Mar-2012
9	**Deposits taken (including renewals and transfers)**					
	Karan Y.Shah	RKMP	-	-	1.05	-
	Tanvi Y. Shah	RKMP	-	-	0.65	-
	Dr. Vinayak Chitale	RKMP	-	0.20	-	-
10	**Technical support fee received**					
	Ningbo Shenglong Pcl Camshafts Co Ltd.	JV	-	9.15	18.01	-
	PCL Shenglong (Huzhou) Specialized Casting Co Ltd	JV	11.88	-	-	-
11	**Donation given**					
	Precision Foundation	EKMP/ERKMP	2.00	2.30	1.80	2.45
12	**Purchases of goods, material or Services**					
	Kimaya Construction Private Limited	EKMP/ERKMP	1.38	0.56	7.55	-
	Cams Technology Limited	EKMP/ERKMP	2.24	1.35	-	-
13	**Purchases of material/services for fixed assets**					
	Kimaya Construction Private Limited	EKMP/ERKMP	-	32.91	69.11	99.04
14	**Capital Advances given**					
	Kimaya Construction Private Limited	EKMP/ERKMP	-	-	33.42	22.17
15	**Advance Received**					
	PCL Shenglong (Huzhou) Specialized Casting Co Ltd.	JV	-	11.88	-	-
16	**Professional fees**					
	Tata Capital Limited	ESI	-	30.00	-	-
17	**Issue of equity shares**					
	Yatin S. Shah	KMP	-	5.00	-	-
	Dr. Suhasini Shah	KMP	-	3.36	-	-
18	**Loans taken**					
	Tata Capital Limited	ESI	-	-	-	50.00
19	**Loans repaid**					

	Particulars	Relationship	Six months ended 30-Sept-2014	For the year ended		
				31-Mar-2014	31-Mar-2013	31-Mar-2012
	Tata Capital Limited	ESI		20.83	25.00	4.17

* Amount below Rs.0.01 million

BALANCE OUTSTANDING AT THE YEAR/ PERIOD END

(Rs.in million)

Particulars	As at				
	30-Sept-2014	31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011
Remuneration payable					
Yatin S. Shah	32.62	54.00	17.36	34.44	32.38
Dr. Suhasini Y. Shah	12.71	14.00	-	-	-
Ravindra R. Joshi	25.59	22.74	-	-	-
Loan outstanding					
Tata Capital Ltd.	-	-	20.83	45.82	-
Interest on loan outstanding					
Tata Capital Ltd.			0.18	0.39	
Capital advances					
Kimaya Contruction Private Limited	-	-	33.42	22.17	-
Deposits outstanding					
Dr Manjiri V Chitale jt. Vinayak Chitale	-	0.60	-	-	-
Dr Vinayak Chitale jt. Manjiri Chitale	-	0.60	-	-	-
Karan Y Shah	-	1.05	1.05	1.05	1.05
Ms. Tanvi Y Shah (initally in the name of Mrs Urmila Shah Jt Tanvi)	-	0.65	0.65	0.65	1.47
Chitale Dr Vinayak jt. Manjiri	-	0.20	-	-	
Mrs. Urmila Shah	-	-	0.10	0.10	0.20
Mr. Yatin Shah Jt. Suhasini Y. Shah	-	-	-	-	2.40
Dr. Suhasini Shah	-	-	-	-	1.20
Yatin S. Shah (HUF)	-	-	-	-	0.30
Mr. Suhbhash R. Shah					0.68
Trade receivables					
Ningbo Shenglong PCL Camshaft Co Ltd.	74.00	115.58	8.92	-	-
Trade and other payables					
Cams Technology Ltd	1.17	0.84	-	-	-
Chitale Clinic Private Limited	-	-	0.02	-	-
Ningbo Shenglong PCL Camshafts Co Ltd.	-	17.82	-	-	-
Advance received					
Ningbo Shenglong PCL Camshaft Co Ltd.	-	19.81	-	-	-
Creditors for capital goods					
Kimaya Contruction Private Limited	1.43	-	45.25	35.07	-
Investment in preference shares					
Cams Technology Ltd	620.00	620.00	-	-	-

PRECISION CAMSHAFTS LIMITED
ANNEXURE XX- CAPITALISATION STATEMENT

(Rs.in million)

Particulars	**Annexure**	**Pre issue as at September 30,2014**	**As adjusted for IPO***
Long Term Borrowing			
Current maturities (A)		327.68	
Non current portion (B)		1,290.86	
Total Long term borrowings (C)= (A+B)		1,618.54	
Short term borrowings (D)		492.19	
Total debt (E)= (C+D)		2,110.73	
Shareholder's funds			
Share capital		40.92	
Reserves and Surplus, as restated			
Securities premium account		588.23	
Surplus in statement of profit and loss		1,193.51	
General reserves		55.72	
Capital reserve		2.50	
Capital redemption reserve		180.77	
Foreign currency translation reserve		(9.70)	
Total shareholders' fund (F)		2,051.95	
Debt /equity (E/F)		**1.03**	
Long term debt/ equity (C/F)		**0.79**	

***** corresponding post IPO data is not available pending the completion of book building.

Note:

1) The above has been computed on the basis of the restated consolidated summary statements of assets and liabilities of the Group as on September 30, 2014.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion of our consolidated financial condition and results of operations together with our Restated Consolidated Financial Statements and the Restated Unconsolidated Financial Statements under "**Summary Financial Information**" and "**Financial Statements**" on pages 44 and 170. The discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in "**Risk Factors**" on page 12, which discusses a number of factors and contingencies that could impact our financial condition and results of operations. Actual results could differ materially from those contained in any forward-looking statements and for further details regarding forward-looking statements, see "**Forward-looking Statements**" on page 11.*

The following discussion is based on our Restated Consolidated Financial Statements.

Overview

We are one of the world's leading manufacturer and supplier of camshafts, a critical engine component, in the passenger vehicle segment based on our estimated global market share by volume according to the ICRA Research Report. We supply over 150 varieties of camshafts for passenger vehicles, tractors, light commercial vehicles and locomotive engine applications from our manufacturing facilities in Solapur, Maharashtra.

A majority of our revenue comes from export of camshafts to various OEMs directly and indirectly. We have long term relationships with several marquee global OEMs, such as General Motors, Ford Motors, Hyundai, Maruti Suzuki, Tata Motors and Mahindra and Mahindra. As of March 31, 2014, we have supplied over 50 million units of camshafts in the last ten fiscals and have serviced various customers across different geographies including the United States of America, Brazil, the United Kingdom, Germany, Austria, Hungary, Russia, South Korea, China and India. Despite a relatively slower period of growth in the automobile industry in the last five years, we have been able to consistently increase our global market share in passenger vehicle camshafts market from 5%-6% in 2010 to an estimated 8%-9% in 2014. (*Source: ICRA Research Report*) We have recently won the awards for 'Best Overall Exporter' and 'Best Manufacturer Exporter' from Dun and Bradstreet India at the Export Credit Guarantee Corporation of India Limited Indian Exporters' Excellence Awards under the medium exporters category in March 2015.

We currently have two state-of-the-art manufacturing facilities – an EOU unit and a domestic unit – both situated at Solapur, Maharashtra. The EOU unit consists of four foundries and two machine shops and products manufactured at the EOU unit are primarily exported to our overseas customers. The domestic unit consists of one foundry and one machine shop and we cater to our domestic customers from this manufacturing facility. Our total manufacturing capacity as on December 31, 2014 was 13.38 million camshaft castings from our foundries per annum and 2.22 million machined camshafts from our machine shops per annum. According to the *ICRA Research Report*, the global passenger vehicle camshaft volume is estimated to be 100 million for 2014 with an estimated market value of ₹ 70,000 million and is expected to grow at 4% to 5% over medium to long term in line with the growth of the passenger vehicle production which is estimated to grow at a CAGR of 9% to 10% by fiscal 2020. Leveraging our experience, expertise and existing relationship with our customers, we seek to capitalize on this anticipated global demand for camshafts in the passenger vehicle segment. We also propose to set up two new machine shops at Solapur, Maharashtra specifically for ductile iron camshafts and assembled camshafts, respectively, by fiscal 2017 and fiscal 2018 and we also seek to foray into manufacturing and supply of sliding cams and cam modules in accordance with our expansion strategy.

In order to strengthen our business operations in Asia, we have entered into two joint ventures with NSPCL, the first, Ningbo Shenglong PCL Camshafts Company Limited, for machining of camshafts and the second, PCL Shenglong (Huzhou) Specialised Casting Company Limited, for setting up a foundry in China. The machine shop at Ningbo, China commenced production in April 2013 and the foundry at Huzhou City, China is currently under construction as on date.

We continue to invest in technologies, designing capabilities and research and development activities. We use different technologies in our engineering and manufacturing operations including shell sand molding process technology, special (AI203/ ceramic sand care) technology and GBQII process technology which we believe provides us a cost competitive advantage among our competitors. We also have a dedicated design and development team of nine engineers along with a well equipped inspection laboratory and a calibration laboratory. We have also entered into an exclusive agreement with EMAG, a German machining and tooling process company, for transfer of certain know-how and technology in order to strengthen our foray into assembled camshafts and expand our business operations in the European market.

Our Company is promoted by Mr. Yatin Shah and Dr. Suhasini Shah, who have over 20 years of experience in the critical engine component manufacturing and have established strong business relationships with marquee global OEMs. Our Promoters are first generation entrepreneurs who started the business of manufacturing of critical engine component in 1992.

In the six months ended September 30, 2014, fiscal 2014, fiscal 2013, fiscal 2012, fiscal 2011 and fiscal 2010 our consolidated turnover (net) were ₹ 2,649.73 million, ₹ 4,673.57 million, ₹ 3,588.25 million, ₹ 3,026.13 million, ₹ 2,731.62 million and ₹ 1,920.34 million, respectively. In the six months ended September 30, 2014, fiscal 2014, fiscal 2013, fiscal 2012, fiscal 2011 and fiscal 2010 our consolidated restated profit were ₹ 358.61 million, ₹ 131.26 million, ₹ 239.19 million, ₹ 185.38 million, ₹ 176.56 million and ₹ 264.20 million, respectively. We have been able to increase our consolidated turnover (net) from fiscal 2010 to fiscal 2014 at a CAGR of 24.90%.

Note regarding presentation

Our Restated Financial Statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI ICDR Regulations and restated as described in the report of our auditors dated March 4, 2015, which is included in this Draft Red Herring Prospectus under "***Financial Statements***" on page 170. The discussion below covers the consolidated results of our Company along with our Subsidiary and the Joint Ventures, for the six months ended September 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012. We have included discussions comparing the restated consolidated results of our Company for fiscal 2014 with fiscal 2013, and fiscal 2013 with fiscal 2012.

While our Company's fiscal year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year, the fiscal year of our Subsidiary and Joint Ventures commences on January 1 and ends on December 31. However, all references to a particular fiscal year in this section are to the 12 month period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year.

The Restated Consolidated Financial Statements included information in relation to our Company's Subsidiary and Joint Ventures as listed below.

Name of the entity and relationship	Relationship	Period covered
PCL (Shanghai) Co. Limited, China *	Subsidiary	For the years ended March 31, 2014, 2013 and 2012; and for the six months ended September 30, 2014
Ningbo Shenglong PCL Camshafts Co. Limited, China *	Joint Venture	For the years ended March 31, 2014, and 2013; and for the six months ended September 30, 2014
PCL Shenglong (Huzhou) Specialised Casting Co. Limited, China *	Joint Venture	For the year ended March 31, 2014 and for the six months ended September 30, 2014

Given the fiscal year of our Subsidiary and Joint Ventures commences on January 1 and ends on December 31, the financial statements of our Subsidiary and Joint Ventures, which have been consolidated in the Restated Consolidated Financial Statements for the six months ended September 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012, were unaudited and were consolidated based on the financial information certified by our management.

Significant Factors Affecting our Results of Operations

We believe that the following factors have significantly affected our results of operations and financial condition during the periods under review, and may continue to affect our results of operations and financial condition in the future:

Market conditions and industry trends affecting the automobile and critical engine component industry

Sales of our camshafts are directly related to the production and sales of automobiles by our customers, particularly in the passenger vehicle segment, which are impacted by general economic or industry conditions, including seasonal trends in the automobile manufacturing sector, volatile fuel prices, rising employee expenses and challenges in maintaining amicable labor relations as well as evolving regulatory requirements, government initiatives, trade agreements and other factors. For example, in accordance with ICRA Research Report, global sales of passenger cars had declined for two consecutive years by 1.8% and 0.60% in 2008 and 2009, respectively, post the global economic slowdown of 2008. Post 2010, while the automobile industry came back to the growth track, the rate of growth was different in different geographies – while the markets in China recovered in 2010 due to various fiscal incentives, the markets in Japan witnessed growth only in 2012 post the impact of Tsunami. Any economic downturn in the automobile manufacturing and sales, both globally and in regions, in which we operate, may significantly affect our revenues across periods and geographies.

Our business depends substantially on global economic conditions. The global economic downturn, which began in 2008, coupled with the global financial and credit market disruptions, weakened end markets, diminished demand and credit availability, and increased borrowing costs**.** There may also be a number of secondary effects of an economic downturn, such as the insolvency of suppliers or customers, delays in deliveries by suppliers, payment delays and/or stagnant demand by customers. Cuts in federal or central, state and local government investment as well as consequent impairment in infrastructural facilities and growth can also drag down global and national growth rates.

A significant majority of the end users of our products are located and operating in North and South America, Europe, China and India and some of them were adversely impacted by the recession in some of these economies, disruption in banking and financial systems, economic weakness, unfavorable government policies, rising inflation, lowering spending power, customer confidence and political uncertainty. For instance, the IMF's *World Economic Outlook, July 2014*, forecast of global growth for 2014 has been marked down by 0.3% to 3.4%. Growth is now projected at 1.7% for 2014, rising to 3% in 2015.

While the global economy has recovered to some extent, we are unable to predict with any degree of certainty the pace or sustainability of economic recovery, the volumes of federal or central, state and local government investment, or the effects of regulatory intervention.

Further, our business plans envisage expanding our operations in line with our customers' growth in key markets, including India, Europe and Japan, and the setting up of a new machine shops for ductile and assembled camshafts as well as the expansion of our existing machining capacity. We expect to continue to incur substantial expenditure in connection with such planned expansion, which would require us to successfully attract additional business from our existing and new customers. While we consult with our customers prior to expanding in current markets or setting up operations in new markets, our customers may not give us sufficient commitments to purchase our products in these markets. Accordingly, our successful expansion in any market is subject to business, economic and competitive uncertainties and contingencies, many of which are beyond our control.

Customer specifications, purchasing patterns, terms of supply arrangements and pricing of our products

A significant majority of our income from operations is from sales to OEMs. Within OEM sales, we depend on a limited number of customers for a significant portion of our revenues. Our significant customers, on a consolidated basis, for six months ended September 30, 2014 and for fiscal 2014 include General Motors and Ford contributing approximately 36.21% and 25.35% of our turnover (net), respectively for six months ended September 30, 2014 and 36.22% and 22.13% of our turnover (net), respectively for fiscal 2014, across various geographical locations. The demand for our camshafts from these customers has a significant impact on our results of operations and financial condition, and our sales are particularly affected by the inventory and production levels of our key OEM customers. We may experience reduction in cash flows and liquidity if we lose one or more of our major customers or if the amount of business from them is reduced for any reason.

Our purchase contracts with our key OEM customers are long term purchase contracts and these contracts provide for an estimated quantity of camshafts to be purchased by such customer. However, the actual quantity of camshafts to be supplied by our Company to such customer is specified in the delivery schedules issued by the customer periodically pursuant to such purchase contracts. There may be instances where customers have modified their requirements with little advance notice, which may either require us to increase production or decrease production and inventories at short notice and bear additional costs.

The purchase contracts provide for a fixed price for the camshafts to be provided to a specific location of the customers, however, in case of any unusual price escalation of our raw materials, we enter into discussions with such customers and if agreed between both the parties, a revised purchase contract is entered into with the revised price. There is no assurance that our OEM customers will agree to the revised price proposed by us in all circumstances and in such situations we may have to bear the escalation in the prices of the raw materials. Our purchase contracts are often general terms agreements that set out the key terms of agreement, but do not bind our customers to a specific product or specification or specific purchase volumes. For instance, our purchase contracts with one of our largest OEMs do not contain commitments for purchase of an agreed volume of goods and instead we rely on the delivery schedules to govern the volume, specifications of goods and other terms of our sales of products. This customer also has the ability to change the rate of scheduled shipments or direct temporary suspension of scheduled shipments without any modification of the price for goods or services. Consequently, there is no commitment on the part of our customers to continue to pass on new work orders to us and as a result, our sales from period to period may fluctuate depending upon our customers' requirements and as a result of changes in our customers' vendor preferences.

Our purchase contracts with key OEM customers also contain certain standards and performance obligations and our failure to meet such specification could result in reduction of business, termination of contracts or additional costs and penalties.

Raw materials cost

Our expenditure on raw materials consumed represented 40.41%, 34.67%, 45.90% and 43.24% of our consolidated total expenses for the six months ended September 30, 2014, fiscal 2014, 2013 and 2012, respectively. Our financial condition and results of operations are significantly impacted by the availability and cost of raw materials, particularly resin coated sand, pig iron and melting steel scrap ("**MS scrap**").

We procure all these raw materials from third party suppliers on a spot basis. While we are not significantly dependent on any single raw material supplier, raw material supply and pricing can be volatile due to a number of factors beyond our control, including global demand and supply, general economic and political conditions, transportation and labour costs, labour unrest, natural disasters, competition, import duties, tariffs and currency exchange rates, and there are inherent uncertainties in estimating such variables, regardless of the methodologies and assumptions that we may use. Therefor, we cannot assure you that we will be able to procure adequate supplies of raw materials in the future, as and when we need them on commercially acceptable terms.

Further, since we do not have warehousing capabilities at any of our manufacturing facilities, we maintain an inventory stock which may only facilitate our operations for 1-3 days. If there is any sudden increase in demand of our products by our customers, we may encounter problems procuring raw material in a timely manner and fail to deliver the product as ordered, or supply it as per our customers' schedule.

The volatility in commodity prices can significantly affect our raw material costs. If we are not able to compensate for or pass on our increased costs to customers, such price increases could have a material adverse impact on our result of operations, financial condition and cash flows.

We are also dependent on supplied raw materials, parts, sub-assemblies, and components being of high quality and meeting relevant technical specifications and quality standards. Delivered materials may be defective and, as a result, we might face warranty and damages claims. Production errors may lead to product recalls which could also lead to compensation claims and significantly damage our reputation and the confidence of present and potential customers and could have an adverse effect on our results of operations.

Foreign currency fluctuations

Our financial statements are presented in Indian Rupees. However, our revenues and operating expenses and finance charges of our Company, our Subsidiary and Joint Ventures are influenced by the currencies of those countries where we sell our products (for example, the United States, Europe and China). The exchange rate between the Indian Rupee and these currencies, primarily the U.S. dollar, has fluctuated in the past and our results of operations have been impacted by such fluctuations in the past and may be impacted by such fluctuations in the future. For example, during times of strengthening of the Indian Rupee, we expect that our overseas sales and revenues will generally be negatively impacted as foreign currency received will be translated into fewer Rupees. However, the converse positive effect of depreciation in the Indian Rupee may not be sustained or may not show an appreciable impact in our results of operations in any given financial period due to other variables impacting our business and results of operations during the same period.

While we seek to hedge our foreign currency risk by entering into forward exchange contracts, any amounts we spend in order to hedge the risks on account of fluctuations in currencies may not adequately hedge against any losses we incur due to such fluctuations. Our foreign exchange gains for six months ended September 30, 2014, fiscal 2014, 2013 and 2012 amounted to ₹ 8.48 million, ₹ 66.04 million, ₹ 48.04 million and ₹ 72.49 million, respectively. As on September 30, 2014, our total unhedged foreign currency receivables amounted to ₹ 826.16 million, our total unhedged foreign currency loans amounted to ₹ 1,808.02 million, while our total unhedged foreign currency payables amounted to ₹ 1,880.41 million, and the total value of our outstanding forward exchange contracts amounted to ₹ 116.21 million, on an unconsolidated basis.

Significant Accounting Policies

The Restated Consolidated Financial Statements have been prepared by applying the necessary adjustments to the financial information of our Company, our Subsidiary and the Joint Ventures. This financial information has been prepared in accordance with Indian GAAP and under the historical cost convention, on the accounting principles of a going concern and as per applicable accounting standards in India. The accounting policies have been consistently applied by our Company and are consistent with those used in the previous year. For a full description of our significant accounting policies adopted in the preparation of the restated financial information, see "***Financial Information***" on page 170. Set forth below are certain significant accounting policies from the Restated Consolidated Financial Statements.

Change in accounting estimate

Pursuant to the Companies Act, 2013 being effective from April 1, 2014, the Company has revised the depreciation rates on its fixed assets as per the useful lives specified in Part C of the Schedule II of the Companies Act, 2013. As a result of this change, the depreciation charge for the six months ended September 30, 2014 is higher by ₹ 51.6 million. In respect of assets whose useful life is already exhausted as on April 1, 2014, depreciation of ₹ 21.70 million (net of deferred tax impact of ₹ 11.17 million) has been adjusted in surplus in statement of profit and loss in accordance with the requirement of Schedule II of the Companies Act, 2013.

Tangible fixed assets

Fixed assets, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of consolidated profit and loss for the period during which such expenses are incurred.

The Company adjusts exchange differences arising on translation/settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with the MCA circular dated August 9, 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the construction costs to the extent the expenditure can be attributable to construction activity or is incidental there to. Income earned during the construction period is deducted from the total of the indirect expenditure.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of consolidated profit and loss when the asset is derecognised.

Depreciation on tangible fixed assets

Depreciation is provided using the straight line method as per the useful lives of assets estimated by the management or at the rates as per the useful life prescribed under Schedule II of the Companies Act, 2013 (from April 1, 2014) and at the rates prescribed under Schedule XIV of the Companies Act, 1956 (from April 1, 2009 to March 31, 2014), whichever is higher. The Company has used the following rates to provide depreciation on its fixed assets**:**

Description of asset group	Useful lives as per management's estimate from April 1, 2014	Useful lives as per management's estimate from April 1, 2009 to March 31, 2014
Buildings	30-60 years	30-60 years
Internal roads	5-10 years	30-60 years
Plant & equipments	3-9.5 years	3-10 years
Office equipments	5-9.5 years	15-16 years
Furniture & fixture	5 years	9-10 years
Vehicles	8 years	10-11 years
Computers	3 years	6 years

Cost of leasehold land is amortised over the period of lease i.e, 90 years.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of consolidated profit and loss in the year in which the expenditure is incurred.

Intangible asset in the nature of computer software are amortized over a period of two years on a straightline basis from the date the asset is available to the Company for its use. Intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of consolidated profit and loss when the asset is derecognised.

Borrowing costs

Borrowing cost includes interest and amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. Ancilliary costs incurred in connection with arrangement of long term borrowings are amortised over the period of the respective long term borrowing. All other borrowing costs are expensed in the period they occur.

Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognised in the statement of consolidated profit and loss.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

Inventories

Raw materials, components, stores and spares and traded goods are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and is determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Revenue recognition

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

<u>Income from services:</u> Revenue from services is recognised as and when services are rendered. The company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

<u>Tooling Income:</u> Tooling income is recognized when the tool has been developed and necessary completion approvals have been received from customers.

Interest (included in Other Income): Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Dividends (included in Other Income): Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.

Export benefits: Export incentive benefits, by way of Duty Entitlement Pass Book Scheme (DEPB) and Focus Product Scheme, are recognized as income on the basis of receipt of proof of export.

Foreign currency translation

Foreign currency transactions and balances

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

From April 1, 2011, the company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

Exchange differences arising on long-term foreign currency monetary items relating to acquisition of fixed assets are capitalized and depreciated over the remaining useful life of the asset. For this purpose, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.

Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

All other exchange differences are recognized as income or as expenses in the period in which they arise.

(iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/liability

The premium or discount arising at the inception of forward exchange contract is amortised and recognised as an expense/ income over the life of the contract. Exchange differences on such contracts, are recognised in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or as expense for the period. Any gain/ loss arising on forward contracts which are long-term foreign currency monetary items is recognized in accordance with paragraph (iii) above.

Translation of integral and non-integral foreign operation

The Company classifies all its foreign operations as either "integral foreign operations" or "non-integral foreign operations."

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average monthly rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognised in the statement of profit and loss.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

Retirement and other employee benefits

Retirement benefit in the form of provident fund and superannuation fund are defined contribution schemes. The company recognizes contribution payable to the provident fund and superannuation fund as an expenditure, when an employee renders the related service. The Company has no obligation, other than the contribution payable to the provident fund and superannuation funds.

The Company operates a defined benefit plan in the form of gratuity for its employees. The cost of providing benefits under the plan is determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses for the defined benefit plan are recognised in full in the period in which they occur in the statement of consolidated profit and loss.

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of consolidated profit and loss and are not deferred

Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Provisions

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of consolidated profit and loss net of any reimbursement.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

Results of Operations

Revenue

Our total revenue comprises of our operating turnover and other income. Our operating turnover includes our revenue from sale of manufactured goods comprising sale of casting camshafts and machined camshafts, sale of services, tooling income, scrap sales and export incentives. The following table shows our operating turnover and other income:

(₹ in million, except percentages)

Particulars	Six months ended September 30, 2014	Fiscal 2014	Fiscal 2013	Fiscal 2012
Revenue from sale of manufactured goods	2,660.12	4,645.71	3,679.29	3,091.91
% of turnover (gross)	*97.74%*	*96.26%*	*98.36%*	*98.43%*
Revenue from sale of services	9.04	9.56	10.21	15.96
% of turnover (gross)	*0.33%*	*0.20%*	*0.27%*	*0.51%*
Tooling income	7.71	53.29	49.62	32.11
% of turnover (gross)	*0.28%*	*1.10%*	*1.33%*	*1.02%*
Revenue from scrap sales	0.85	1.61	1.57	1.21
% of turnover (gross)	*0.03%*	*0.03%*	*0.04%*	*0.04%*
Export incentives	44.01	115.96	-	-
% of turnover (gross)	*1.62%*	*2.40%*	-	-
Turnover (gross)	**2,721.73**	**4,826.13**	**3,740.69**	**3,141.19**
Less: Excise duty	72.00	152.56	152.44	115.06
Turnover (net)	**2,649.73**	**4,673.57**	**3,588.25**	**3,026.13**
Other Income	**69.28**	**125.54**	**87.19**	**86.26**
Total revenue	**2,719.01**	**4,799.11**	**3,675.44**	**3,112.39**

Operating turnover

Our operating turnover are primarily generated from (i) sale of camshaft casting, (ii) sale of machined camshafts, (iii) sale of services, (iv) tooling income, (v) revenue from scrap sales, and (vi) export incentives.

Revenue from sale of manufactured goods

Our revenue from sale of manufactured goods accounted for 97.74%, 96.26%, 98.36% and 98.43% of our turnover (gross) for the six months ended September 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012, respectively. Our revenue from sale of manufactured goods primarily consists of sale of camshaft castings from our five foundries on an as-cast basis and sale of semi-machined and fully-machined camshafts from our three machine shops. The camshaft castings are sold either to our OEM customers or to tier I suppliers who further machine these camshaft castings in their machine shops and the machined camshafts are primarily sold to our OEM customers.

Revenue from sale of services

Our revenue from sale of services accounted for 0.33%, 0.20%, 0.27% and 0.51% of our turnover (gross) for the six months ended September 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012, respectively. Our revenue from sale of services primarily consists of revenue from machining services undertaken by our Company on the forgings provided by Tata Motors.

Tooling income

Prior to placing a purchase contract for camshafts, our OEM customers undertake a stringent and long selection process which includes review of the manufacturing process and facilities, financial capabilities, logistical capabilities and multiple inspection and review of the prototypes. The expenditure to be incurred for development of such prototype based on the designs and specifications of our customers is predetermined and we are paid for such development of the products by our customers. Our tooling income includes such amount paid to us by our customers for the development of the product prior to providing a long term purchase contract.

Our tooling income accounted for 0.28%, 1.10%, 1.33% and 1.02% of our turnover (gross) for the six months ended September 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012, respectively.

Revenue from scrap sales

Our revenue from scrap sales accounted for 0.03%, 0.03%, 0.04% and 0.04% of our turnover (gross) for the six months ended September 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012, respectively. Our revenue from scrap sales includes income from sale of manufacturing and industrial wastes including used lubricants, plastic barrels, used consumables such as grinding wheels, inserts, and plant and machineries which are fully depreciated.

Export incentives

Our Company became eligible to avail certain benefits under the export promotion schemes introduced by the Government of India since fiscal 2014 including the Focus Product Scheme, the Focus Market Scheme and the Market Linked Focus Product Scheme and pursuant to these schemes, our Company can avail custom duty entitlement at the rate of 1% to 2% on export realisation. Since we do not import any goods as part of our business operations, we sell the licenses for such custom entitlement to other importers. The proceeds from such sale are recognised as export incentives.

Our revenue from export incentives accounted for 1.62% and 2.40% of our turnover (gross) for the six months ended September 30, 2014 and fiscal 2014. We did not receive any export incentive in fiscal 2013 and fiscal 2012.

Other income

Our other income includes certain recurring income items such as interest earned on bank deposits, dividend income on long term investments and net gain on exchange differences, both realized and unrealized, arising on receivables and payables in foreign currency; and certain non-recurring income items such as technical support fee pursuant to the technology support agreement dated February 10, 2012 and technology support and transfer agreement dated February 10, 2012, and compensation from our customers for keeping certain lines in our machine shops available particularly for certain customers.

Expenses

Our expenses comprise of (i) raw materials consumed, (ii) increase/decrease in inventories, (iii) employee benefit expenses, (iv) other expenses, (v) depreciation and amortization expense and (vi) finance costs.

The following table sets forth our expenditure in Rupees and as a percentage of our total revenue for the periods indicated:

(₹ in million, except percentages)

Particulars	Six months ended September 30, 2014	Fiscal 2014	Fiscal 2013	Fiscal 2012

Particulars	Six months ended September 30, 2014	Fiscal 2014	Fiscal 2013	Fiscal 2012
Raw materials consumed	865.64	1,543.98	1,518.09	1,225.03
% of total revenue	*31.84%*	*32.17%*	*41.30%*	*39.36%*
(Increase)/decrease in inventories	(20.38)	(13.20)	(168.21)	(8.71)
% of total revenue	*(0.75)%*	*(0.28)%*	*(4.58)%*	*(0.28)%*
Employee benefit expenses	325.19	1,138.17	395.38	308.50
% of total revenue	*11.96%*	*23.71%*	*10.76%*	*9.91%*
Other expenses	707.61	1,380.48	1,267.12	1,082.78
% of total revenue	*26.02%*	*28.77%*	*34.48%*	*34.79%*
Depreciation and amortization expense	205.78	277.77	189.41	120.47
% of total revenue	*7.57%*	*5.79%*	*5.13%*	*3.87%*
Finance costs	58.09	126.33	105.56	105.14
% of total revenue	*2.14%*	*2.63%*	*2.87%*	*3.38%*
Total expenses	**2,141.93**	**4,453.53**	**3,307.35**	**2,833.21**

Raw materials consumed

Costs of raw materials consumed consist primarily of costs of resin coated sand, pig iron and MS scrap. Cost of materials consumed accounted for 31.84%, 32.17%, 41.30% and 39.36% of our total revenue for the six months ended September 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012, respectively.

Increase/decrease in inventories

Our changes in inventories of finished goods and work-in-progress goods include (i) changes in the opening stock and the closing stock of our finished goods which include camshaft castings and machined camshafts, and (ii) changes in the opening stock and the closing stock of work-in-progress goods which we manufacture, which also include camshaft castings and machined camshafts.

Employee benefit expenses

Our employee benefit expenses comprise employee salaries and bonuses, contribution to employee's provident fund and other funds, staff welfare expenses and expenses on the PCL KESOS – 2014, an employee stock option scheme instituted in fiscal 2014. Employee benefit expenses accounted for 11.96%, 23.71%, 10.76% and 9.91% of our total revenue for the six months ended September 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012, respectively.

Other expenses

Our other expenses include costs of power and fuel, consumption of stores and spares, freight outward charges, repair and maintenance costs for plant and machinery, buildings and others, fees paid to third party job workers for fettling of certain camshaft castings which involves grinding and trimming of camshaft castings to the extent these camshaft castings are outsourced to third party job workers, cost of packing materials, legal and professional fees, travelling and conveyance expenses, expenses relating to advertisement and sales promotion, and miscellaneous expenditures. The two major components of our other expenses are power and fuel expenses, and consumption of stores and spare which were ₹ 257.33 million, ₹ 534.34 million, ₹ 528.61 million and ₹ 401.26 million; and ₹ 141.58 million, ₹ 269.36 million, ₹ 251.79 million and ₹ 286.65 million, for the six months ended September 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012, respectively. Other expenses accounted for 26.02%, 28.77%, 34.48% and 34.79% of our total revenue for the six months ended September 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012, respectively.

Set forth below is a detailed break down of the other expenses incurred by our Company during the six months ended September 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012.

(₹ in million)

Other Expenses	Six months ended September 30, 2014	Fiscal 2014	Fiscal 2013	Fiscal 2012

Other Expenses	Six months ended September 30, 2014	Fiscal 2014	Fiscal 2013	Fiscal 2012
Consumption of stores and spares	141.58	269.36	251.79	286.65
Packing material	31.55	60.08	55.47	50.72
Increase in excise duty on inventory	0.16	2.97	3.87	4.69
Power and fuel expenses	257.33	534.34	528.61	401.26
Job work expenses	38.01	78.96	68.16	60.83
Freight outward charges	67.81	133.28	87.95	67.55
Rent	0.29	0.47	0.47	0.72
Rates and taxes	2.17	16.14	1.60	3.57
Insurance	4.51	7.87	5.35	5.80
Repairs and Maintenance	-	-	-	-
Plant and Machinery	21.15	21.10	26.72	30.73
Building	2.26	5.73	9.59	3.38
Others	28.58	56.77	36.21	19.83
Advertisement and sales promotion	13.26	2.45	8.85	0.38
Sales commission	18.47	37.20	79.41	52.30
Travelling and conveyance	21.39	39.22	36.08	27.86
Communication costs	1.73	2.92	2.92	2.75
Legal and professional fees	5.80	58.39	9.79	10.05
Auditors' remuneration and expenses	-	-	-	-
Statutory audit	0.90	1.40	1.00	1.00
Out of pocket expenses	0.01	0.04	0.02	0.02
Bad debts written off	-	-	-	-
Provision for doubtful debts	1.19	0.78	1.30	15.87
Loss on assets sold /discarded, net	-	4.18	13.32	11.90
Miscellaneous expenses	49.81	52.81	38.64	24.92
Total	**707.61**	**1,380.48**	**1,267.12**	**1,082.78**

Depreciation and amortization expense

Depreciation on fixed tangible assets is provided using the straight line method as per the useful lives of assets estimated by the management or at the rates as per the useful life prescribed under Schedule II of the Companies Act, 2013 (from April 1, 2014) and at the rates prescribed under Schedule XIV of the Companies Act, 1956 (from April 1, 2009 to March 31, 2014), whichever is higher. For details of comparison of useful lives under the Companies Act, 2013 and the Companies Act, 1956, see " ***– Significant Accounting Policies – Depreciation on tangible fixed assets***" above. Cost of leasehold land is amortised over the period of lease *i.e.*, 90 years.

Our depreciation and amortization expense accounted for 7.57%, 5.79%, 5.13% and 3.87% of our total revenue for the six months ended September 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012, respectively.

Finance costs

Our finance costs comprise interest paid on our term loans, interest on working capital loans, interest on deposits, bank commission and processing charges. Our finance costs accounted for 2.14%, 2.63%, 2.87% and 3.38% of our total revenue for the six months ended September 30, 2014, fiscal 2014, fiscal 2013 and fiscal 2012, respectively.

Six months ended September 30, 2014

Revenue

Our total revenue for six months ended September 30, 2014 was ₹ 2,719.01 million which comprised of ₹ 2,649.73 million from turnover (net) and ₹ 69.28 million from other income.

Revenue from sale of manufactured goods

Our revenue from sale of manufactured goods for six months ended September 30, 2014 was ₹ 2,660.12 million. This was primarily driven by certain significant camshaft castings supply orders executed by our Company in the six months ended September 30, 2014 including supply orders from Ford Motors and General Motors and certain significant machined camshaft supply orders executed by our Company including supply orders from General Motors, Ford Motors and Tata Motors.

Revenue from sale of services

Our revenue from sale of services for six months ended September 30, 2014 was ₹ 9.04 million which primarily consisted of fees received for the job work done by our Company by machining the forgings provided by Tata Motors.

Tooling income

Our tooling income for six months ended September 30, 2014 was ₹ 7.71 million. This included the payment received for development of certain prototypes based on the designs and specifications of certain OEM customers such as General Motors and Ford Motors.

Revenue from scrap sales

Our revenue from scrap sales for six months ended September 30, 2014 was ₹ 0.85 million. This included revenue from sale of industrial wastes such as used lubricants, plastic barrels and used consumables.

Export incentives

Our revenue from export incentives for six months ended September 30, 2014 was ₹ 44.01 million. This was due to the export promotion schemes introduced by the Government of India in fiscal 2014 and pursuant to the sale of licenses of custom entitlement received by our Company pursuant to these export promotion schemes to other importers.

Other income

Our other income for six months ended September 30, 2014 was ₹ 69.28 million.

Expenses

Our total expenses for six months ended September 30, 2014 was ₹ 2,141.93 million. Our expenses comprise of (i) raw materials consumed, (ii) increase/decrease in inventories, (iii) employee benefit expenses, (iv) other expenses, (v) depreciation and amortisation expense and (vi) finance costs.

Raw materials consumed

Our total expense on the raw materials consumed for six months ended September 30, 2014 was ₹ 865.64 million which was primarily driven by expenses incurred on the key raw materials resin coated sand, pig iron and MS scrap and increase in prices of these raw materials.

Increase in inventories

Our cost of changes in inventories of finished goods and work-in-process goods was ₹ (20.38) million for six months ended September 30, 2014. The finished goods and the work-in-progress goods comprised of camshaft castings and machined camshafts.

Employee benefits expense

Our employee benefits expenses for six months ended September 30, 2014 was ₹ 325.19 million. This comprised of employee salaries and bonuses, contribution to employee's provident fund and other funds and staff welfare expenses incurred in the six months ended September 30, 2014.

Other expenses

Our other expenses for six months ended September 30, 2014 was ₹ 707.61 million which included, among others, our costs of power and fuel, consumption of stores and spares, freight outward charges, repair and maintenance costs for plant and machinery, buildings and others, cost of packing materials, legal and professional fees and miscellaneous expenditures. The two major components of our other expenses for six months ended September 30, 2014 were power and fuel expenses, and consumption of stores and spare which were ₹ 257.33 million and ₹ 141.58 million for the six months ended September 30, 2014, respectively.

Depreciation and amortisation expense

Our depreciation and amortisation expense for six months ended September 30, 2014 was ₹ 205.78 million.

Finance cost

Our finance cost for six months ended September 30, 2014 was ₹ 58.09 million which included interest paid on term loans and working capital loans, interest on deposits, bank commissions and processing charges.

Restated profit before tax

Our profit before tax for six months ended September 30, 2014 was ₹ 577.08 million.

Tax expense

Our provisions for tax liabilities for six months ended September 30, 2014 was ₹ 218.47 million which comprised of current tax liability of ₹ 237.32 million and deferred tax credit of ₹ (18.85) million.

Restated profit

Our profit after tax for six months ended September 30, 2014 was ₹ 358.61 million.

Fiscal 2014 compared with fiscal 2013

Revenue

Our total revenue increased by ₹ 1,123.67 million, or 30.57% from ₹ 3,675.44 million in fiscal 2013 to ₹ 4,799.11 million in fiscal 2014. This increase was largely due to ₹ 966.42 million increase in revenue from sale of manufactured goods and ₹ 115.96 million export incentives received in fiscal 2014 which was not available to our Company in fiscal 2013. Our Company started to avail certain benefits under the export promotion schemes introduced by the Government of India since fiscal 2014. Our realization improved due to significant improvement in contribution of exports from 70.70% in fiscal 2013 to 77.40% in fiscal 2014 and favourable change in the currency exchange ratio. The contribution of machined camshafts reduced in the said period due to significant increase in revenue from export sales where camshaft castings are primarily sold.

Revenue from sale of manufactured goods

Our revenue from sale of manufactured goods increased by ₹ 966.42 million, or 26.27%, from ₹ 3,679.29 million in fiscal 2013 to ₹ 4,645.71 million in fiscal 2014. This increase was primarily driven by higher production of camshaft castings as well as machined camshafts in fiscal 2014. Sale of camshaft castings was positively impacted by certain significant supply orders executed by our Company in fiscal 2014 including supply orders from Ford Motors and Maruti Suzuki. This was also positively impacted by the expansion of the camshaft casting manufacturing capacity undertaken by our Company by setting up the fourth foundry in our EOU unit which commenced operations in December 2013. Additionally, our revenue from sale of camshaft castings, primarily from exports, was also positively impacted by increase in export realisation in foreign currency due to increase in the exchange rates of certain key foreign currencies. Our revenue from sale of machined camshafts also increased due to higher production of machined camshafts from our machine shops primarily pursuant to a new supply order from General Motors executed by our Company in fiscal 2014 and an increased supply order from Ford Motors for its Chennai plant which was also executed by our Company in fiscal 2014. This was also driven by the full year impact of the operations of the second machine shop in the EOU unit which was set up fiscal 2013 but became fully operational only in fiscal 2014. Additionally, our revenue from sale of machined camshafts, primarily from exports, was also positively impacted by increase in export realisation in foreign currency due to increase in the exchange rates of certain key foreign currencies.

Revenue from sale of services

Our revenue from sale of services decreased by ₹ 0.65 million from ₹ 10.21 million in fiscal 2013 to ₹ 9.56 million in fiscal 2014. This decrease was due to reduction in volume of job work orders in fiscal 2014.

Tooling income

Our tooling income increased by ₹ 3.67 million, or 7.40%, from ₹ 49.62 million in fiscal 2013 to ₹ 53.29 million in fiscal 2014. This was driven by higher payments received for development and modification of certain prototypes based on the specifications of certain OEM customers to suit their design of the engines in fiscal 2014 which includes General Motors and Ford Motors.

Revenue from scrap sales

Our revenue from scrap sales increased by ₹ 0.04 million from ₹ 1.57 million in fiscal 2013 to ₹ 1.61 million in fiscal 2014. This was due to increase in the generation of consumable scrap and wastes due to increase in our manufacturing operations.

Export incentives

Our Company became eligible to avail certain benefits under the export promotion schemes introduced by the Government of India since fiscal 2014 including the Focus Product Scheme, the Focus Market Scheme and the Market Linked Focus Product Scheme and pursuant to these schemes, our Company can avail custom duty entitlement at the rate of 1% to 2% on export realisation. Since we do not import any goods as part of our business operations, we sell the licenses for such custom entitlement to other importers. The proceeds from such sale are recognised as export incentives.

Our revenue from export incentives was ₹ 115.96 million in fiscal 2014. We did not receive any export incentive in fiscal 2013.

Other income

Our other income increased by ₹ 38.35 million, or 43.98%, from ₹ 87.19 million in fiscal 2013 to ₹ 125.54 million in fiscal 2014. This increase was primarily due to receipt of a one-time compensation of ₹ 22.36 million from General Motors for keeping a dedicated machine line available for them in one of our machine shops in the EOU unit and an increase in realized gain in foreign exchange arising out of difference in time between the date of issue of invoices and the date of receipt of the revenue.

Expenses

Our total expenses increased by ₹ 1,146.18 million, or 34.66%, from ₹ 3,307.35 million in fiscal 2013 to ₹ 4,453.53 million in fiscal 2014.

Raw materials consumed

Our cost of raw materials consumed increased by ₹ 25.89 million, or 1.71%, from ₹ 1,518.09 million in fiscal 2013 to ₹ 1,543.98 million in fiscal 2014. Given the cost of our primary raw materials, resin coated sand, pig iron and MS scrap, did not change significantly in fiscal 2014, this increase was primarily due to higher purchase of raw materials in fiscal 2014 primarily for increased production. However, our cost of raw materials consumed as a percentage of our total revenue decreased from 41.30% in fiscal 2013 to 32.17% in fiscal 2014 due to efficient and effective use of the raw material by reducing internal wastage and internal rejection in fiscal 2014 and improvement in realization due to higher contribution from exports.

Decrease in inventories

Our cost of changes in inventories of finished goods and work-in-process goods decreased by ₹ 155.01 million or 92.15%, from ₹ (168.21) million in fiscal 2013 to ₹ (13.20) million in fiscal 2014. This increase was primarily due to a delay in recognising certain sale of finished products which were sold on DDU terms (delivery duty unpaid) in the last quarter of fiscal 2014 and accordingly, this increased our inventory levels for fiscal 2014.

Employee benefit expenses

Our employee benefit expenses increased significantly by ₹ 742.79 million, or 187.87%, from ₹ 395.38 million in fiscal 2013 to ₹ 1,138.17 million in fiscal 2014. While there was a decrease in the number of employee from 2,133 as on March 31, 2013 to 1,839 as on March 31, 2014, the increase in our employee benefit expenses was driven by expenses of ₹ 614.93 million charged to our profit and loss account in relation to the equity shares allotted to our eligible employees pursuant to PCL KESOS – 2014. This increase was also driven by a general increase in the salaries, allowances and bonus paid to our employees

Other expenses

Our other expense increased by ₹ 113.36 million, or 8.95%, from ₹ 1,267.12 million in fiscal 2013 to ₹ 1,380.48 million in fiscal 2014. The freight outward expenses increased due to higher sales in 2014; repair and maintenance expenses also increased due to higher utilization of the plant and machinery as a result of higher production; cost of consumable stores and packing materials also increased due to higher supply. However, as percentage to our total revenue, our other expenses decreased from 34.48% in fiscal 2013 to 28.77% in fiscal 2014. This decrease was due to a implementation of cost control measures and decrease in sales commission due to change in our marketing agent for the European market, which led to a payment of one-time termination charge during the year 2013;

Depreciation and amortization expense

Our depreciation and amortization expense increased by ₹ 88.36 million, or 46.65%, from ₹ 189.41 million in fiscal 2013 to ₹ 277.77 million in fiscal 2014. This increase was due to increase in gross fixed assets due to setting up the new foundry in our EOU unit in December 2013 and setting up of the new machine shop in our EOU unit in fiscal 2013 which became fully operational along with all its machining lines only in fiscal 2014.

Finance costs

Our finance costs increased by ₹ 20.77 million, or 19.68%, from ₹ 105.56 million in fiscal 2013 to ₹ 126.33 million in fiscal 2014. This increase was primarily due to increase in our operations and interest paid on our external commercial borrowings. But as percentage to our total revenue, our finance costs decreased from 2.87% in fiscal 2013 to 2.63% in fiscal 2014 due to increase in our foreign currency loans in fiscal 2014 which have comparatively lower interest rates.

Restated profit before tax

Primarily due to the reasons described above, our restated profit before tax decreased by ₹ 22.51 million, or 6.12%, from ₹ 368.09 million in fiscal 2013 to ₹ 345.58 million in fiscal 2014.

Tax expense

Our tax expenses increased by ₹ 85.42 million, or 66.27%, from ₹ 128.90 million in fiscal 2013 to ₹ 214.32 million in fiscal 2014. Our current tax increased by ₹ 100.68 million, from ₹ 80.16 million in fiscal 2013 to ₹ 180.84 million in fiscal 2014 and our deferred tax charge was ₹ 33.48 million in fiscal 2014, as compared to ₹ 48.74 million in fiscal 2013.

Restated profit

Our restated profit decreased by ₹ 107.93 million, or 45.12%, from ₹ 239.19 million in fiscal 2013 to ₹ 131.26 million in fiscal 2014.

Fiscal 2013 compared with fiscal 2012

Revenue

Our total revenue increased by ₹ 563.05 million, or 18.09% from ₹ 3,112.39 million in fiscal 2012 to ₹ 3,675.44 million in fiscal 2013. This increase was largely due to ₹ 587.38 million increase in revenue from sale of manufactured goods and ₹ 17.51 million increase in tooling income. Our realization improved due to improvement in contribution of exports from 69.00% in fiscal 2012 to 70.70% in fiscal 2013 and an increase in revenue from machines camshafts.

Revenue from sale of manufactured goods

Our revenue from sale of manufactured goods increased by ₹ 587.38 million, or 19.00%, from ₹ 3,091.91 million in fiscal 2012 to ₹ 3,679.29 million in fiscal 2013. This increase was primarily driven by higher production of camshaft castings as well as machined camshafts in fiscal 2013. Sale of camshaft castings was positively impacted by certain significant supply orders executed by our Company in fiscal 2013 including supply orders from Musashi. Additionally, our revenue from sale of camshaft castings, primarily from exports, was also positively impacted by increase in export realisation in foreign currency due to increase in the exchange rates of certain key foreign currencies. Our revenue from sale of machined camshafts also increased due to higher sale of machined camshafts from our machine shops primarily pursuant to a new supply order from General Motors for full year executed by our Company in fiscal 2013 and an increased supply order from General Motors and Mahindra & Mahindra which were also executed by our Company in fiscal 2013. This was also driven by commencement of operations of our new machine shop at the EOU unit which was set up in fiscal 2013. Additionally, our revenue from sale of machined camshafts, primarily from exports, was also positively impacted by increase in export realisation in foreign currency due to increase in the exchange rates of certain key foreign currencies.

Revenue from sale of services

Our revenue from sale of services decreased by ₹ 5.75 million, or 36.03%, from ₹ 15.96 million in fiscal 2012 to ₹ 10.21 million in fiscal 2013. This decrease was due to reduction in volume of job work orders in fiscal 2013.

Tooling income

Our tooling income increased by ₹ 17.51 million, or 54.53%, from ₹ 32.11 million in fiscal 2012 to ₹ 49.62 million in fiscal 2013. This was driven by higher payments received for development and modification of certain prototypes based on the specifications of certain OEM customers to suit their design of the engines in fiscal 2012 which includes Ford Motors and Musashi.

Revenue from scrap sales

Our revenue from scrap sales increased by ₹ 0.36 million from ₹ 1.21 million in fiscal 2012 to ₹ 1.57 million in fiscal 2013. This was due to increase in the generation of consumable scrap and wastes due to increase in our manufacturing operations in fiscal 2013.

Other income

Our other income increased marginally by ₹ 0.93 million from ₹ 86.26 million in fiscal 2012 to ₹ 87.19 million in fiscal 2013. This increase was primarily due to receipt of a one-time technical support fee of ₹ 20.01 million pursuant to the technology support agreement dated February 10, 2012 and technology support and transfer agreement dated February 10, 2012.

Expenses

Our total expenses increased by ₹ 474.14 million, or 16.74%, from ₹ 2,833.21 million in fiscal 2012 to ₹ 3,307.35 million in fiscal 2013.

Raw materials consumed

Our cost of raw materials consumed increased by ₹ 293.06 million, or 23.92%, from ₹ 1,225.03 million in fiscal 2012 to ₹ 1,518.09 million in fiscal 2013. This increase was due to higher purchase of raw materials in fiscal 2013 primarily for increased production and increase in the basic price of our key raw materials - resin coated sand, pig iron and MS scrap. Also, significant increase in inventories build-up in fiscal 2013 led to higher raw material cost. Raw material cost adjusted for inventory increase however fell from 39.10% of total revenue in fiscal 2012 to 36.70% in fiscal 2013 due to effective use of the raw material by reducing internal wastage and internal rejection and significant increase in contribution of machined camshafts.

Increase in inventories

Our cost of changes in inventories of finished goods and work-in-process goods increased by ₹ 159.50 million or 94.82%, from ₹ (8.71) million in fiscal 2012 to ₹ (168.21) million in fiscal 2013. This increase was primarily due to a delay in recognising certain sale of finished products which were sold on DDU terms (delivery duty unpaid) in the last quarter of fiscal 2013 and accordingly, this increased our inventory levels for fiscal 2013.

Employee benefit expenses

Our employee benefit expenses increased significantly by ₹ 86.88 million, or 28.16%, from ₹ 308.50 million in fiscal 2012 to ₹ 395.38 million in fiscal 2013. This increase in employee benefit expenses was primarily due to a general increase in the salaries, allowances and bonus paid to our employees and an increase in the number of employees from 1,857 as on March 31, 2012 to 2,133 as on March 31, 2013.

Other expenses

Our other expense increased by ₹ 184.34 million, or 17.02%, from ₹ 1,082.78 million in fiscal 2012 to ₹ 1,267.12 million in fiscal 2013. This increase was primarily driven by increase in the power and fuel expenses due to increase in our operations and increase in average rate of power per unit which increased from ₹ 6.44 per unit in fiscal 2012 to ₹ 7.51 per unit in fiscal 2013. Further, it was also impacted by an increase in the freight outward expenses due to higher sales in fiscal 2013 and increase in repair and maintenance expenses due to higher utilisation of the plant and machinery. The other expenses in fiscal 2013 were also impacted by the one-time time termination charge paid to one of our marketing agent in fiscal 2013. However, as percentage to our total revenue, our other expenses decreased from 34.79% in fiscal 2012 to 34.48% in fiscal 2013 due to implementation of stringent cost control measures.

Depreciation and amortization expense

Our depreciation and amortization expenses increased by ₹ 68.94 million, or 57.23%, from ₹ 120.47 million in fiscal 2012 to ₹ 189.41 million in fiscal 2013. This increase was due to additional capital expenditure incurred for setting up of a foundry and a machine shop in our EOU unit in fiscal 2013.

Finance costs

Our finance costs were ₹ 105.14 million in fiscal 2012 to ₹ 105.56 million in fiscal 2013. Despite repayment of certain term loans in fiscal 2013, our finance costs did not increase significantly due to increase in our working capital loans.

Restated profit before tax

Primarily due to the reasons described above, our restated profit before tax increased by ₹ 88.91 million, or 31.85%, from ₹ 279.18 million in fiscal 2012 to ₹ 368.09 million in fiscal 2013.

Tax expense

Due to an increase in our profit before tax, our tax expenses increased by ₹ 35.10 million, or 37.42%, from ₹ 93.80 million in fiscal 2012 to ₹ 128.90 million in fiscal 2013. While our current tax decreased by ₹ 7.59 million, from ₹ 87.75 million in fiscal 2012 to ₹ 80.16 million in fiscal 2013, our deferred tax liability was ₹ 48.74 million in fiscal 2013, as compared to ₹ 6.05 million in fiscal 2012.

Restated profit

Our restated profit increased by ₹ 53.81 million, or 29.03%, from ₹ 185.38 million in fiscal 2012 to ₹ 239.19 million in fiscal 2013.

Liquidity and Capital Resources

As of September 30, 2014, we had cash and bank balances of ₹ 887.73 million. Cash and bank balances consist of cash on hand, cheques on hand and deposit accounts including fixed deposits. Our primary liquidity requirements have been to finance our capital expenditures and working capital requirements. We have met these requirements from cash flows from operations, proceeds from the issuance of equity shares, and short-term and long-term borrowings. Our business requires a significant amount of working capital. We expect to meet our working capital requirements for the next 12 months primarily from the cash flows from our business operations and working capital borrowings from banks as may be required.

Cash flows

Set forth below is a table of selected information from the Company's statements of cash flows for the periods indicated.

(₹in million)

Particulars	Six months ended September 30, 2014	Fiscal 2014	Fiscal 2013	Fiscal 2012
Net cash generated from operating activities	971.45	780.40	308.96	480.28
Net cash used in investing activities	(708.05)	(995.57)	(364.82)	(1,065.02)
Net cash generated from/ (used in) financing activities	(185.33)	385.75	(113.60)	866.01
Net increase/ (decrease) in cash and bank balances	78.07	170.58	(169.46)	281.27
Opening cash and cash equivalents	295.59	133.47	302.04	20.32
Closing cash and cash equivalents	371.73	295.59	133.47	302.04

Net cash generated from operating activities

Net cash from operating activities in the six months ended September 30, 2014 was ₹ 971.45 million and our operating profit before working capital changes for that period was ₹ 794.50 million. The difference was primarily attributable to ₹ 229.42 million decrease in trade receivables, ₹ 33.66 million increase in trade payables and ₹ 55.54 million increase in other current liabilities. This was partially off set by ₹ 103.50 million of direct taxes paid (net of refunds) and ₹ 39.19 million increase in inventories.

Net cash from operating activities in fiscal 2014 was ₹ 780.40 million and our operating profit before working capital changes for that period was ₹ 1,137.96 million. The difference was primarily attributable to ₹ 271.66 million increase in trade receivables, ₹ 36.58 million increase in short term loans and advances, ₹ 38.74 million increase in inventories, ₹ 123.65 million paid in direct taxes (net of refunds). This was partially off set by ₹ 71.44 million increase in trade payables and ₹ 49.44 million increase in other current liabilities.

Net cash from operating activities in fiscal 2013 was ₹ 308.96 million and our operating profit before working capital changes for that period was ₹ 642.75 million. The difference was primarily attributable to ₹ 252.38 million increase in trade receivables, ₹ 191.06 million increase in inventories, ₹ 72.89 million paid in direct taxes (net of refunds). This was partially off set by ₹ 231.39 million increase in trade payables and ₹ 18.79 million increase in short term provisions.

Net cash from operating activities in fiscal 2012 was ₹ 480.28 million and our operating profit before working capital changes for that period was ₹ 513.18 million. The difference was primarily attributable to a ₹ 83.63 million decrease in trade payables and ₹ 62.94 million paid in direct taxes (net of refunds). This was partially off set by ₹ 114.87 million decrease in trade receivables.

Net cash used in investing activities

In the six months ended September 30, 2014, our net cash used in investing activities was ₹ 708.05 million. This primarily reflected the payments of ₹ 468.18 million towards purchase of term deposits and ₹ 260.33 million towards purchase of fixed assets which primarily consisted of replacing of certain old plant and machineries.

In fiscal 2014, our net cash used in investing activities was ₹ 995.57 million. This reflected the payments of ₹ 620.00 million towards the purchase of non-current investments which primarily consisted of investment in our joint venture, PSSCCL, and payments of ₹ 472.92 million towards purchase of fixed assets which primarily consisted of purchase of equipment for two new lines in machine shop no. 2 in the EOU unit and replacement of certain old plant and machineries. These payments were partially offset by ₹ 79.17 million as redemption of bank deposits.

In fiscal 2013, our net cash used in investing activities was ₹ 364.82 million. This reflected the payments of ₹ 752.41 million towards purchase of fixed assets which primarily consisted of expenses incurred in relation to establishment of the fourth foundry and the second machine shop in the EOU unit. These payments were partially offset by ₹ 368.32 million as redemption of bank deposits.

In fiscal 2012, our net cash used in investing activities was ₹ 1,065.02 million. This reflected the payments of ₹ 780.76 million towards purchase of fixed assets which primarily consisted of replacement of certain old plant and machineries and ₹ 293.24 million in bank deposits.

Net cash generated from/ used in financing activities

In the six months ended September 30, 2014, our net cash used in financing activities was ₹ 185.33 million. This reflected ₹ 94.31 million paid towards repayment of long term borrowings, ₹ 44.34 million paid towards repayment of short term borrowings and ₹ 46.68 million paid towards interest on our long term as well as short term borrowings.

In fiscal 2014, our net cash generated from financing activities was ₹ 385.75 million. This reflected ₹ 346.03 million received as short term borrowing for working capital requirements, ₹ 131.84 million received as long term borrowings for purchasing new equipment and ₹ 10.00 million as proceeds from issuance of equity shares to eligible employees upon the exercise of stock options granted to them pursuant to PCL KESOS 2014, on February 27, 2014 at a price of ₹ 100 per equity share. These cash flows were partially off set by ₹ 98.40 million paid towards interests on our long term as well as working capital borrowings.

In fiscal 2013, our net cash used in financing activities was ₹ 113.60 million. This reflected ₹ 135.34 million paid towards repayment of long term borrowings and ₹ 90.99 million paid towards interests on our long term as well as working capital borrowings. These cash flows were partially off set by ₹ 89.38 million received as short term borrowing for working capital requirements.

In fiscal 2012, our net cash generated from financing activities was ₹ 866.01 million. This reflected ₹ 1,345.10 million received as long term borrowing for setting up a new foundry and a machine shop in the EOU unit. This cash flow was partially off set by ₹ 276.73 million paid towards repayment of long term borrowings, ₹ 97.95 million paid towards repayment of short term borrowings and ₹ 3.09 million paid towards interests on our long term as well as working capital borrowings.

Capital Expenditures

For the six months ended September 30, 2014, fiscal 2014, 2013 and 2012, our capital expenditures were ₹ 260.33 million, ₹ 472.92 million, ₹ 752.41 million and ₹ 780.76 million, respectively. The following table provides a breakdown of our fixed assets by category as at the period/ fiscal indicated.

Asset class	**As on September 30, 2014**	**As on March 31, 2014**	**As on March 31, 2013**	**As on March 31, 2012**
				(₹ in millions)
Land and buildings	617.55	625.87	561.00	235.91
Plant and machinery	1,618.28	1,619.22	1,387.06	758.94
Other fixed assets	43.05	44.73	41.77	40.63

Asset class	As on September 30, 2014	As on March 31, 2014	As on March 31, 2013	As on March 31, 2012
				(₹ in millions)
Total	2,278.88	2,289.81	1,989.83	1,035.47

Financial indebtedness

The following table sets forth our Company's secured and unsecured debt position as at September 30, 2014.

(₹ in million)

Particulars	Amount outstanding as at September 30, 2014
Unsecured loans:	
From Promoters	Nil
From Group Companies	Nil
From banks	163.26
From Others	125.22
Total (A)	288.48
Secured loans:	
Term loans from bank (includes instalment payable with in one year)	1,422.18
Export packing credit from bank	386.02
Cash credit from bank	14.05
Total (B)	1,822.25
Total (A+ B)	**2,110.73**

For details of our financial indebtedness, please see "***Financial Indebtedness***" on page 302.

Contingent Liabilities

As of September 30, 2014, we had the following contingent liabilities disclosed as per Accounting Standard – 29 in our Restated Consolidated Financial Statements:

(₹ in million)

Sl. No.		Amount
1.	Disputed tax income	-
2.	Excise duty (refer note 3 below)	2.08
3.	Service tax (refer note 4 below)	0.07
4.	Sales tax	-
5.	Provident fund (refer note 2 below)	1.21
6.	Claims not acknowledged as debt (refer note 1 below)	3.18
	Total	**6.54**

Notes

1. *The Collector of Stamps, Solapur has demanded payment of stamp duty of ₹ 3,178,389 for cancellation and issue of equity shares after amalgamation of Precision Valvetrain Components Limited (PVPL) with the Company in year 2007-2008. The Company has filed an appeal against demand made by the Collector of Stamps, Solapur with Controlling Revenue Authority, Pune.*
2. *The Company is in appeal and the application is pending with "Hon'ble High Court of Judicature Appellate" against the claim made under Employees Provident Funds and Miscellaneous Provision Act, 1952 for ₹24,23,488. The Company has deposited an amount of ₹1,211,744 under protest Provident Funds and Miscellaneous Provision Act, 1952 for ₹24,23,488. The Company has deposited an amount of ₹1,211,744 under protest.*
3. *The Company has received an order from Commissioner of Central Excise Pune for the year 2002-03, 2003-04 and 2004-05 demanding excise duty amounting to ₹2,076,478 (Previous Year ₹2,076,478) on sales tax retained under sales tax deferral scheme.*
4. *The Company has received an order from Commissioner, Central Excise Nagpur disallowing cenvat credit amounting to ₹ 69,938 (Previous Year ₹69,938) on account of duty not charged on goods cleared by its dealer.*
5. *The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Company.*

Off-Balance Sheet Commitments and Arrangements

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements.

Quantitative and qualitative disclosure about market risk

Foreign exchange risk

We face foreign exchange risk in respect of (i) our foreign currency loans, in respect of which we selectively hedge currency exchange rate risk, (ii) currency mismatches between our income and our expenditures, which we seek to manage as much as possible by matching income currency to expenditure currency, and (iii) currency translation for the purpose of preparing our consolidated financial statements, on account of our operations in China.

Interest rate risk

We are exposed to market rate risk due to changes in interest rates on our credit facilities that we entered into. As at September 30, 2014, we had ₹ 2,110.73 million of outstanding indebtedness, which exposed us to market risk as a result of changes in interest rates. We undertake debt obligations to support our working capital needs and capital expenditure. Upward fluctuations in interest rates increase the cost of debt and interest cost of outstanding variable rate borrowings. We do not currently use any derivative instruments to modify the nature of our debt so as to manage our interest rate risk.

Commodity price risk

We are exposed to market risk with respect to the prices of certain raw materials used manufacturing of camshafts. These commodities include resin coated sand, pig iron and MS scrap. The costs for these raw materials are subject to fluctuation based on commodity prices. We are exposed to fluctuations in the prices of pig iron and MS scrap as well as its unavailability, particularly as we typically do not enter into any long-term supply agreements with our suppliers and resin coated sand, pig iron and MS scrap are bought by our Company in the spot market. We do not enter into fixed price or forward contracts in relation to procurement of these materials. Separately, the purchase contracts with our customers provide for a fixed price for the camshafts to be provided to a specific location of the customers. In case of any unusual price escalation of our raw materials, we enter into discussions with such customers and if agreed between both the parties, a revised purchase contract is entered into with the revised price, however, we may not be able to fully achieve this in all situations or at all times.

Inflation risk

Inflationary factors such as increases in the input costs and overhead costs may adversely affect our operating results. There may be time lag in recovering the inflation impact from our customer and we may not be able to recover the full impact of such inflation. A high rate of inflation in the future may, therefore, have an adverse effect on our ability to maintain our profit margins.

Credit risk

We are subject to the risk that our counterparties under various financial or customer agreements will not meet their obligations. Our credit risk exposure relates to our operating activities and our financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Unusual or infrequent events or transactions

To the best of our knowledge, except as disclosed in this Draft Red Herring Prospectus, there are no events or transactions which may be described as “unusual” or “infrequent”.

Known trends or uncertainties

Our business has been impacted and we expect will continue to be impacted by the trends identified above in "Factors Affecting our Results of Operations" and the uncertainties described in "***Risk Factors***" on page 12. To our knowledge, except as we have described in this Prospectus, there are no known factors, which we expect to have a material adverse impact on our revenues or income from continuing operations.

Significant economic and regulatory changes

Except as described in "***Risk Factors***" and "***Regulations and Policies in India***" on pages 12 and 134, respectively, to the best of our knowledge, there have been no significant economic or regulatory changes that we expect could have a material adverse effect on our results of operations.

Seasonality of business

Our business is not seasonal in nature.

Future relationship between expenditure and revenues

Except as described in "***Risk Factors***", "***Our Business***", "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 12, 120 and 276, respectively, to the best of our knowledge, there is no future relationship between expenditure and income that will have a material adverse impact on the operations and finances of our Company.

Competitive conditions

We compete in the critical engine component manufacturing industry specifically in the camshafts manufacturing and supply business. For details, see "***Our Business - Competition***" on page 132.

Dependence on single or few suppliers or customers

A significant proportion of our revenues have historically been derived from a limited number of customers. Our significant customers, on a consolidated basis, for six months ended September 30, 2014 and for fiscal 2014 include General Motors and Ford contributing approximately 36.21% and 25.35% of our turnover (net), respectively for six months ended September 30, 2014 and 36.22% and 22.13% of our turnover (net), respectively for fiscal 2014, across various geographical locations. As a result, we may experience reduction in cash flows and liquidity if we lose one or more of our significant customers or if the amount of business from them is reduced for any reason, including as a result of reduction in demand from such a customer or a dispute with or disqualification by a major customer or the discontinuation of a product line or business by a major customer, or as a result of a major customer suffering a decline in market share.

We procure all our raw materials from third party suppliers in India at spot rate. We do not have any long term agreements with any of our raw material suppliers and we purchase such raw materials on spot order basis. We are not significantly dependent on any single raw material supplier.

Transactions with related parties

We have certain transactions with our related parties. For details, see "***Financial Statements – Annexure XIX – Restated Consolidated Statement of Related Party Transactions***" on page 270 prepared in accordance with Accounting Standard - 18.

Recent accounting pronouncements

There are no recent accounting pronouncements that were not yet effective as at September 30, 2014 that will result in a change in our Company's significant accounting policies.

Significant Developments after September 30, 2014

There has been no material development in relation to our Company since September 30, 2014, except as disclosed elsewhere in this Draft Red Herring Prospectus and as disclosed below.

Changes in the capital structure

Pursuant to a shareholders' resolution dated December 30, 2014, each equity share of face value of ` 100.00 each of our Company were split into ten Equity Shares of ` 10.00 each, therefore, 409,208 equity shares of ` 100.00 each split into 4,092,080 Equity Shares of ` 10.00 each.

Our Company issued 77,749,520 Equity Shares pursuant to a bonus issue in the ratio of 19:1 on February 6, 2015. This bonus issue of Equity Shares was undertaken out of the free reserves and share premium existing in the balance sheet of our Company as on March 31, 2014.

Auditor Qualifications

The following disclosure has been set out below in compliance with disclosure requirements under the Companies Act, 2013:

There are no qualifications in the auditors' reports on the unconsolidated financial statements of the Company as at and for the six months period ended September 30, 2014 and for fiscals 2014, 2013, 2012, 2011 and 2010 which require any adjustments to the Restated Unconsolidated Financial Information.

Other audit qualifications included in the Annexure to the auditors' report on the unconsolidated financial statements for the fiscals 2014 and 2013 which do not require any corrective adjustment in the financial information, are as follows:

For the year ended March 31, 2014

Clause (v) (c)

In our opinion and according to the information and explanations given to us, transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time except for transactions relating to construction of fixed assets from Kimaya Construction Private Limited and technical support fees received from Ningbo Shenglong PCL Camshafts Co. Ltd. and PCL Shenglong (Huzhou) Specialised Casting Co, for which, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.

Steps taken by our Company to address such qualifications

No corrective steps were required to be taken by the Company.

For the year ended March 31, 2013

Clause (v) (c)

In our opinion and according to the information and explanations given to us, transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time except for transactions relating to construction of fixed assets and technical support fee received from Ningbo Shenglong PCL Camshafts Co. Ltd., for which, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.

Steps taken by our Company to address such qualifications

No corrective steps were required to be taken by the Company.

FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of all unconsolidated outstanding borrowings of our Company amounting, in aggregate, to ₹ 1,726.66 million, as on January 31, 2015, along with certain significant terms of such financing arrangements.

A. Details of secured borrowings of our Company

Set forth below is a summary of our secured borrowings as on January 31, 2015.

S. No.	Lender	Description	Amount outstanding as on January 31, 2015	Repayment/ Tenor	Security
1.	Consortium of Bank of India ("**Lead Bank**") and Bank of Baroda	Term loan and working capital facility pursuant to the credit facility consortium agreement dated January 13, 2012 as amended by a supplemental credit facility agreement dated September 26, 2013 for a revised amount of ₹ 1,129.70 million with the Lead Bank providing a facility of ₹ 676.10 million and the Bank of Boroda providing a facility of ₹ 453.60 million.	₹ 451.44 million	In respect of repayment of the corporate term loan to Bank of India: • an amount of ₹ 150.00 million to be repaid in 16 quarterly instalments of ₹ 9.37 million each commencing from February 2011 such that the door to door tenor is five years; however, the outstanding amount of ₹ 45.9 million was subsequently converted to foreign currency loan of USD 0.81 million to be repaid in 15 monthly instalments of ₹ 3.12 million, keeping the original door to door tenor unchanged. In respect of repayment of the term loans to Bank of Baroda: • an amount of ₹ 74.50 million to be repaid in 60 monthly instalments with 59 monthly instalments of ₹ 3.33 million commencing from February, 2010 and last instalment of ₹ 3.22 million to be made with a residual period of 23 months and door to door tenor of 90 months; • an amount of ₹ 111.60 million to be repaid in 60 monthly instalments with 59 monthly instalments	Term loan facilities are secured by first pari-passu charge on the immovable properties, the movable plant and machinery and the movable assets of our Company situated at: • E-102/103, MIDC Akkalkot Road, Solapur, India; • E-90, MIDC, Akkalkot Road, Solapur, India; • D-5, MIDC, Chincholi, Solapur, India. Term loans are also secured by second pari-passu charge on the current assets and book debts and receivables of our Company situated at: • E-102/103, MIDC Akkalkot Road, Solapur, India; • E-90, MIDC, Akkalkot Road, Solapur, India; • D-5, MIDC, Chincholi, Solapur, India. Working capital facilities are also secured by first pari-passu charge on the current assets and book debts and receivables of our Company situated at: • E-102/103, MIDC Akkalkot Road, Solapur, India;

S. No.	Lender	Description	Amount outstanding as on January 31, 2015	Repayment/ Tenor	Security
				of ₹ 3.33 million each commencing from December, 2010 and last instalment of ₹ 3.22 million with a residual period of 23 months and door to door tenor of 69 months. Repayable on demand in respect of the working capital facilities.	• E-90, MIDC, Akkalkot Road, Solapur, India; • D-5, MIDC, Chincholi, Solapur, India. Working capital facilities are secured by second pari-passu charge on the immovable properties, the movable plant and machinery and the movable assets of our Company situated at: • E-102/103, MIDC Akkalkot Road, Solapur, India; • E-90, MIDC, Akkalkot Road, Solapur, India; • D-5, MIDC, Chincholi, Solapur, India.
2.	Bank of Baroda, Ras Al Khaimah Branch, Ras Al Khaimah, United Arab Emirates (“**Bank of Baroda**”) and Bank of India, Hong Kong Branch, Central Hong Kong	ECB facility pursuant to a term facility agreement dated June 16, 2011 for commitment of an amount of USD 22.00 million, pursuant to a sanction letter dated September 22, 2014 by Bank of Baroda for commitment of the part of the amount of USD 11.00 million for construction of factory building and foundry and purchase of new machinery, equipments and miscellaneous fixed assets and sanction letter dated February 25, 2014 by Bank of India for the remaining amount of USD 11.00 million for setting up a new foundry at EOU division	₹ 1,100.80 million*	Repayment by Bank of India, of the principal amount to the lender shall be made in 20 stepped up quarterly instalments commencing from June - August 2013, after 24 months from the date of first disbursement such that the door to door tenor of the loan is 7 years. Repayment of the principal amount by Bank of Baroda to the lender shall be made in 20 quarterly instalments, with the first payment to be made on November 2, 2013 and every subsequent instalment is to be paid on the first day of every quarter with the last payment on August 1, 2018.	First pari-passu charge on all existing moveable and immoveable fixed assets and all future fixed assets of our Company. An equitable pari-passu charge on all factory land and building situated at: • D-5, MIDC, Chincholi, Solapur, India; and • D-6, D-7, D-7/1, MIDC, Chincholi, Solapur, India. Personal guarantees of Mr. Yatin Shah and Dr. Suhasini Shah.
3.	Bank of Baroda	ECB facility pursuant to a term facility agreement dated May 9, 2013 for an amount of USD 4.00 million, pursuant to a sanction letter dated	₹ 174.42 million*	Repayment of the principal amount to the lender shall be made in 20 quarterly instalments, being on the first day of every quarter	Pari-passu charge on all existing moveable and immoveable fixed assets and that created for the ECB facility of USD 11 million from

S. No.	Lender	Description	Amount outstanding as on January 31, 2015	Repayment/ Tenor	Security
		March 16, 2013 in order to meet part escalation in cost of machine shop expansion project of the borrower company		commencing after the moratorium period in accordance with the repayment schedule. According to the schedule, the first instalment shall be paid on November 2, 2013 and every subsequent instalment is to be paid on the first day of every quarter with the last payment on August 1, 2018.	Bank of Baroda and all future fixed assets of our Company. An equitable pari-passu charge on all factory land and building situated at: • D-5, MIDC, Chincholi, Solapur, India; and • D-6, D-7, D-7/1, MIDC, Chincholi, Solapur, India. Personal guarantees of Mr. Yatin Shah; and Dr. Suhasini Shah.

** The foreign exchange conversion rates has been determined in the respective term facility documents i.e. 1 USD = ₹50.00.*

Our secured financing agreements contain various restrictive covenants, including a right to the lenders to cancel credit facility or not to advance remaining outstanding monies, and to recall the monies then due and outstanding by our Company or to take over and carry on the business of our Company in case of a default or breach. Further, under our secured financing arrangements, some of our lenders have a right to appoint a director as nominee on the Board of Directors.

Under the secured financing agreements, our Company cannot undertake any of the following activities, without the lender's prior written consent:

(i) effect any change or alter the capital structure;
(ii) alter our certificate of incorporation, or memorandum and articles of association;
(iii) implement any scheme of expansion or modernization activities or take up an allied line of business, or enlarge the scope of other manufacturing/ trading activities, if any such activities were undertaken at the time of availing the loan;
(iv) effecting any scheme of amalgamation or reconstitution;
(v) invest any funds by way of deposits or loans or in share capital or debentures of any other concern, so long as the borrowed amount is outstanding, except depositing funds by way of security, with third parties in the normal course of business or if required for the business;
(vi) enter into any long-term contractual obligation that would affect its financial position to any significant extent without the prior written consent of the Agent;
(vii) revalue the assets of our Company;
(viii) amend its accounting reference date;
(ix) entering into borrowing arrangements or obtaining credit facilities from any other bank or credit agency or entering into hire purchase agreements;
(x) attempt to raise any funds from the capital market whether in the form or equity or debt;
(xi) disposing of all or any of our assets, rights or interest resulting in or having the effect of transferring our ownership to any other person;
(xii) undertake guarantee obligations on behalf of any third party or any other company;
(xiii) withdraw funds brought in by our Promoters, Directors, proprietors or their relatives and friends, or repay any unsecured loans;
(xiv) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital) or repay or distribute any dividend or share premium reserve;
(xv) deal with other banks in relation to our Company's merchant banking transactions; and
(xvi) make any material modifications to the project which is detrimental to the interest of the lender.

B. Details of unsecured borrowings of our Company

Except as disclosed below, as on the date of this Draft Red Herring Prospectus, our Company has not availed any unsecured borrowings on an unconsolidated basis.

Short Term Borrowings	Amount Outstanding as on January 31, 2015	Interest accrued and due but not paid as on January 31, 2015	Total Balance Outstanding as on January 31, 2015
Public Deposit	₹ 3.10 million	-	₹ 3.10 million

SECTION VI – LEGAL AND OTHER INFORMATION
OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities, show cause notices or legal notices pending against our Company, Directors, Promoters, Subsidiary, joint ventures including ventures with which our Promoters were associated in the past (in case our Promoter's name continue to be associated with such proceeding), Group Entities and any other company whose outcome could have a material adverse effect on the business operations or financial position of our Company and there are no defaults, non payment or overdue of statutory dues, over-dues to banks or financial institutions, rollover/re-scheduling of loans or any other liability of our Company, defaults in dues payable to instrument holders such as holders of any debentures, fixed deposits, bonds or arrears on cumulative preference shares issued by our Company, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic, civil or any other offences, other than unclaimed liabilities against our Company, our Subsidiary, our Directors, Promoters, joint venture or Group Entities and there are no small scale undertaking(s) or any other creditors to whom the Company owes a sum exceeding ₹ 0.1 million which is outstanding for more than thirty days as of the date of this Draft Red Herring Prospectus.

Our Company, our Directors, our Promoters, our Subsidiary, our Joint Ventures and/or our Group Entities have not been declared as willful defaulters by the RBI or any governmental authority, have not been debarred from dealing in securities and/or accessing capital markets by the SEBI and no disciplinary action has been taken by the SEBI or any stock exchanges against our Company, our Promoters, our Subsidiary, our Group Entities or our Directors, that may have a material adverse effect on our business or financial position, nor, so far as we are aware, are there any such proceedings pending or threatened.

*Furthermore, except as stated below, in the last five years preceding the date of this Draft Red Herring Prospectus there have been (a) no instances of material frauds committed against our Company or its Subsidiary; (b) no inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies law in the case of our Company or its Subsidiary and, no prosecutions have been filed (whether pending or not), fines imposed or compounding of offences for the Company or its Subsidiary; (c) no litigation or legal action pending or taken by any ministry or department of the government or any statutory body against the Promoters. For details of contingent liability as per Accounting Standard 29, refer to the section "**Financial Statements**" on page 170.*

Except as described below, there are no proceedings initiated or penalties imposed by any authorities against our Company, the Subsidiary and Directors and no adverse findings in respect of our Company or Subsidiary, as regards compliance with securities laws. Further, except as described below, there are no instances where our Company, the Subsidiary or Directors have been found guilty in suits or criminal or civil prosecutions, or proceedings initiated for economic or civil offences or any disciplinary action by SEBI or any stock exchange, or tax liabilities.

Except as disclosed below there are no (i) litigation against the Directors involving violation of statutory regulations or alleging criminal offence; (ii) past cases in which penalties were imposed by the relevant authorities on the Company, the Subsidiary and the Directors; and (iii) outstanding litigation or defaults relating to matters likely to affect the operations and finances of the Company and the Subsidiary, including disputed tax liabilities and prosecution under any enactment in respect of Schedule V to the Companies Act, 2013. Unless stated to the contrary, the information provided below is as of the date of this Draft Red Herring Prospectus.

LITIGATION INVOLVING OUR COMPANY

I. Litigation against our Company

Tax Proceedings

Income Tax Proceedings

There are three income tax proceedings against our Company. Details of such proceeding are set forth hereunder.

1. The Deputy Commissioner of Income Tax, Solapur issued a notice dated October 27, 2010 to erstwhile Clancey Precision Components Private Limited ("**CPCPL**") under Section 148 of the Income Tax Act, 1961 ("**Income Tax Act**") to re-assess the income allowed in respect of the assessment year 2006-2007 on account of alleged failure of the assessment officer in relation to excess deduction under Section 10B of the Income Tax Act for an amount of ₹ 8,377,094.00 and failure to comply with Sections 72(2) and 72(3) of the Income Tax Act in set off of loss of ₹ 2,354,391.00. Thereafter, the Assistant Commissioner of Income Tax passed an assessment order dated December 28, 2011 rejecting the claim of erstwhile CPCPL for exemption under Section 10B of the Income Tax Act before setting off depreciation and business loss. The Assistant Commissioner of Income Tax assessed the total income of erstwhile CPCPL as ₹ 12,721,720.00 in respect of the assessment year 2006-2007 after reworking business losses and depreciation losses and accordingly issued a notice of demand for ₹ 6,013,212.00. CPCPL filed an appeal (No. Pn/CIT(A)-III/Cir-1, Sol/432/2011-12/714) dated January 21, 2012 against such assessment order dated December 28, 2011 before the Commissioner of Income Tax (Appeals), Pune which was dismissed pursuant to an order dated January 29, 2014. Our Company thereafter preferred an appeal dated March 21, 2014 before the Income Tax Appellate Tribunal, Pune against such order of the Commissioner of Income Tax (Appeals), Pune. There has been no further communication since the filing of such appeal by our Company.

2. The Assistant Commissioner of Income Tax passed an assessment order dated December 30, 2009 against erstwhile Precision Valvetrain Private Limited ("**PVPL**") and issued a notice of demand under Section 156 of the Income Tax Act for ₹ 2,889,919.00 rejecting its claim for enhanced deduction of ₹ 59,888,633.00 in respect of the assessment year 2007-2008 on the ground that deductions allowable under Section 10B of the Income Tax Act are to be computed on the total income after giving effect to unabsorbed losses and depreciation brought forward from earlier years. The Assistant Commissioner of Income Tax further refused additions of ₹ 13,449,817.00 made by PVPL to its net profit towards disallowance under Section 40A(i)(a) of the Income Tax Act claimed by PVPL on account of non deduction of tax on payment to consultants to arrive at 'profits derived from the business' for the purposes of deduction under Section 10B of the Income Tax Act. PVPL preferred an appeal (No: Pn/CIT(A)-III/Cir-1, S'pur/927/09-10/276) dated January 27, 2010 before the Commissioner of Income Tax (Appeals), Pune ("**CIT(Appeals)**") against such assessment order dated December 30, 2009 which were partly allowed pursuant to the order of CIT(Appeals) dated January 25, 2011. CIT(Appeal) in the said order directed the Assessment Officer to include disallowance under Section 40A(i)(a) of the Income Tax Act in the business profits of PVPL for the purposes of computing deductions under Section 10B of the Income Tax Act. PVPL thereafter preferred an appeal before the Income Tax Appellate Tribunal, Pune against the remaining part of the order passed by CIT(Appeals) rejecting the claims made by PVPL.

3. The Assistant Commissioner of Income Tax, Solapur issued a notice dated March 29, 2014 to our Company under Section 148 of the Income Tax Act to re-assess the income allowed in respect of the assessment year 2009-2010. Subsequently, a letter (No. SOL/ACIT, Cir – 1/Clancey Precision/2014-15/103) dated June 5, 2014 was issued by the Assistant Commissioner of Income Tax, Solapur to our Company informing that the reasons for re-opening the assessment for the year 2009-2010 was on account of shares allotted by our Company on an alleged premium of 500% or more for the financial year 2008-2009 amounting to ₹ 119,758,100.00. Our Company filed its response dated June 12, 2014 with the Assistant Commissioner of Income Tax to the aforementioned notice and letter denying payment of any premium on allotment of shared in the financial year 2008-2009. There has been no further communication since the filing of such reply by our Company.

Central Excise Tax

There are three central excise proceedings against our Company. Details of such proceeding are set forth hereunder.

1. The Commissioner of Central Excise, Pune issued a show cause cum demand notice (F. No. V (73 & 84) 15-15/Adj/Commr/07) dated January 31, 2007 against our Company alleging non payment of an amount

of ₹ 12,853,496.00 collected by our Company towards sales tax but allegedly not paid to the sales tax department. The Commissioner of Central Excise, Pune pursuant to the show cause notice imposed a liability of ₹ 2,076,478.00 being the central excise duty and education cess payable by our Company under the provisions of Section 11 A of the Central Excise Act, 1944. Our Company filed a reply dated March 12, 2007 to such notice denying all allegations made by the Commissioner of Central Excise, Pune. Thereafter, proceedings were initiated before the Office of Commissioner, Central Excise & Service Tax, Pune, who pursuant to an order dated September 26, 2014, confirmed the demand of ₹ 2,076,478.00 imposed on our Company and further imposed a penalty of ₹ 2,076,478.00 under Section 11AC of the Central Excise Act, 1944. Our Company has preferred an appeal dated December 27, 2014 against the said order before the Custom Excise & Service Tax Appellate Tribunal. Our Company has since the filing of the appeal, not received any further communication in this regard.

2. The Assistant Commissioner, Central Excise & Customs, Solapur issued a show cause cum demand notice (F. No. V.Ch.(73)54/SCN/Precision-II/Outward freight/Adj/2014-15/2589) dated July 23, 2014 against our Company alleging cenvat credit of ₹ 1,40,880.00 wrongly availed by our Company in respect of service tax paid on outward freight and imposing a liability of ₹ 1,40,880.00 under the provisions of rule 14 of the Cenvat Credit Rule, 2004 read with Section 11AA of the Central Excise Act, 1944 along with a penalty under rule 15 of the Cenvat Credit Rule, 2004 read with Section 11AC of the Central Excise Act, 1944. Our Company filed a reply to the show cause cum demand notice on the August 22, 2014 disagreeing and denying all allegations made thereunder. Thereafter, upon personal hearing, the Assistant Commissioner, Central Excise & Customs, Solapur pursuant to an order dated December 31, 2014 dropped the proceedings for denial of cenvat credit initiated under the aforementioned show cause notice. The said order of the Assistant Commissioner, Central Excise & Customs, Solapur is appealable within 60 days from the receipt of the order under Section 35(1) of the Central Excise Act, 1944, by any person aggrieved by the order.

3. The Assistant Commissioner, Central Excise & Customs, Solapur issued a show cause notice (F. No. V.(72)15-27/ADJ/2013/C/6574) dated April 4, 2013 against Ravi Steel Industries, Nagpur and others including our Company, to show cause as to why penalty should not be imposed on our Company under rule 26 of Central Excise Rules, 2002. The aforementioned show cause notice mentions that our Company procured two consignments of waste and scrap of steel from Tradewell Suppliers, Nagpur which was supplied by Ravi Steel Industries, Nagpur and although Ravi Steel Industries, Nagpur has recovered the central excise duty from Tradewell Suppliers, Nagpur, it has failed to pay the said duty to the authorities. Further, the Deputy Commissioner of Central Excise, Solapur also issued a notice (F.No Prev/Misc.Cir/2011) dated April 25, 2013 alleging that our Company has availed wrong cenvat credit of ₹ 69,938 on invoices of Ravi Steel Industries, Nagpur and instructed our Company to reverse the said cenvat credit along with interest. Our Company, in its reply dated May 25, 2013 clarified and informed the Assistant Commissioner, Central Excise & Customs, Solapur that the aforementioned show cause notice dated April 4, 2013 does not charge our Company of any contravention in payment of central excise duty, however, to avoid litigation, our Company has reversed the credit of ₹ 69,938 and paid an interest of ₹ 32,525 on the disputed credit, under protest.

Labour Proceedings

There are five labour proceedings against our Company. Details of such proceedings are set forth hereunder.

1. Mr. I.B. Sagari filed an application dated April 24, 2008 and an amendment application (No. PGO 57/2008) dated November 19, 2008 before the Assistant Commissioner of Labour, Solapur against our Company raising a demand for ₹ 54,519.00 on account of alleged less payment of gratuity amount by our Company. Our Company filed its response dated May 14, 2008 before the Assistant Commissioner of Labour, Solapur denying all claims made by Mr. I.B. Sagari. Our Company has, since the filing of its response, not received any further communication from any authority.

2. Assistant Provident Fund Commissioner, Solapur initiated enquiry proceedings against our Company under Section 7A of the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and passed an order (No. MH/SRO/SLP/ENF/31846/7A/841) dated December 31, 2007 assessing dues of ₹ 2,423,488.00 payable by our Company towards provident fund contribution, against which our Company filed an appeal dated February 26, 2008 with the Employees Provident Fund Appellate Tribunal, New

Delhi ("**EPF Tribunal**"). However, due to non functioning of the EPF Tribunal as a result of fire, the appeal copy was returned to our Company. Accordingly, our Company filed a writ petition (No. 1372 of 2008) dated February 27, 2008 before the High Court of Bombay. Pursuant to an order passed by the High Court of Bombay on March 3, 2008, our Company was directed to deposited 50% of the alleged dues amounting to ₹ 1,211,744.00 with the Assistant Provident Fund Commissioner, Solapur un till our appeal is registered. Subsequently, our Company once again preferred an initial appeal (ATA No. 431(9)/08) before the EPF Tribunal challenging the assessment order of the Assistant Provident Fund Commissioner which was dismissed by an order of the EPF Tribunal dated September 17, 2010. Our Company thereafter filed another writ petition (No. 321 of 2011) dated December 10, 2010 with the High Court of Bombay praying to set aside the order of the EPF Tribunal dated September 17, 2010 and the order of the Assistant Provident Fund Commissioner, Solapur dated December 31, 2007. Our Company has, since the filing of such writ petition, not received any further communication from any authority.

3. Solapur Zilla Mazdoor Sangh (registered union) ("**Labour Union**") filed a complaint (Reference (ULP) lock out no. 2/2014) against our Company before the Labour Court, Solapur alleging illegal lay-off by our Company at various occasions since the year 2010 and further alleging delay in payment of monthly wages to the workers. The Labour Union further alleged that on January 10, 2014 our Company declared a lay off from January 10, 2014 to January 21, 2014 and allegedly laid off certain workers. The Labour Union prayed before the Labour Court, Solapur to declare such alleged lay-off as an illegal lock-out by our Company and issue directions to our Company to lift the lock-out and pay full wages along with benefits from January 10, 2014 to 62 workers who have been allegedly laid off. The Labour Union also filed an application under Section 30 (2) of the MRTU & PULP Act praying for interim relief in the form of directions to be issued to our Company to deposit 50% of the wages allegedly due to 62 workers from January 10, 2014. Our Company filed its response to the application of interim relief of the Labour Court on April 30, 2014 denying all allegations made therein. The Labour Court, Solapur pursuant to its order dated June 19, 2014 rejected the application for interim relief. Our Company thereafter filed a written statement dated July 14, 2014 denying all allegations made by the Labour Union and praying for dismissal of application filed by Labour Union. The Labour Court, Solapur dismissed the complaint pursuant to its order dated November 27, 2014. The Labour Union has filed a revision petition (Reference (ULP) lock out no. 67/2014) before the Industrial Court, Solapur, against the order of the Labour Court dated November 27, 2014 and further alleged that our Company has stopped providing work to 68 workers from March 1, 2014 and thereafter to 34 workers from March 25, 2014. The Labour Union in the revision petition inter alia prayed before the Industrial Court to quash the order of the Labour Court dated November 27, 2014 and to declare the alleged lock out from March 1, 2014 as illegal lock out and direct our Company to lift the lock out.

4. Mr. Parshuram Amogi Jadhav, Mr. Chandrakant Shivchalappa Bondge, Mr. Namdev Nagnath Navgire and Mr. Amol Gopinath Kamble (together the "**Complainants**") filed four complaints ((ULP) No. 19/2014, (ULP) No. 20/2014, (ULP) No. 21/2014 and (ULP) No. 22/2014) against our Company before the Labour Court at Solapur under Section 28 of the Maharashtra Recognition of Trade Unions & Prevention of Unfair Labour Practices Act, 1971 ("**MRTU & PULP Act**"), alleging non payment of monthly wages since February 2014 and further alleging unfair dismissal and discharge of their employment without issuing a show cause notice. The Complainants have, in their respective complaints, *inter alia,* prayed for setting aside the notice dated June 28, 2014 allegedly issued by our Company relieving the Complainants, claimed for back wages from February 2014 and prayed the Labour Court for instructions to be issued to our Company for re-instatement of their employment. Our Company thereafter filed its written statements, each dated September 30, 2014 in relation to each of the aforementioned complaint denying all allegations made against it and praying for dismissal of such complaints. Our Company has, since the filing of such written statement, not received any further communication form any relevant authority.

5. Mr. Chandan Mohan filed a complaint ((ULP) No. 33/2014) dated October 16, 2014 against our Company before the Labour Court, Solapur under the MRTU & PULP Act alleging illegal termination of his employment by our Company with effect from December 28, 2013 and further alleging that the enquiry conducted by our Company in this regard and the charges levied on him pursuant to the said enquiry are false and illegal. Mr. Chandan Mohan *inter alia* prayed before the Labour Court to set aside of the enquiry report dismissing him and to direct our Company for re-instatement of his employment with full back wages from December 28, 2013.

Other Proceedings

1. The Collector of Stamps, Solapur pursuant to its notice (No. 417/2008) dated July 11, 2008 demanded payment of stamp duty of ₹ 3,178,389.00 from our Company under Section 25 (d)(a) of Bombay Stamp Act, 1958, on account of issue and allotment of equity shares after amalgamation of PVPL with our Company in 2008. Our Company filed an appeal (No. 58 of 2008) dated August 2, 2008 before the Chief Controlling Revenue Authority, Pune against the said demand and clarified that the entire equity share capital of PVPL was merged into our Company pursuant to the scheme of amalgamation approved by the High Court of Bombay and no monetary consideration was paid by our Company. Our Company in its appeal prayed for dismissal of the order of the Collector of Stamps.

II. Litigation by our Company

Criminal Proceedings

There is one criminal proceeding filed by our Company. Details of such proceeding is set forth hereunder.

1. Our Company has filed an FIR (No. 171/2012) dated July 16, 2012 with the Police Station, Mohol, Solapur on account of alleged theft committed by Mr. AM Bhalareo in the premises of our Company. Upon arrest of Mr. AM Bhalareo and recovery of stolen property by police, our Company filed a criminal miscellaneous application (No. 308/2012) dated August 23, 2012 before the Judicial Magistrate First Class, Mohol, Solapur, Maharashtra ("**JMFC**") praying for release of money and other recovered property which was kept in the custody of the police at Mohol Solapur, Maharashtra. The JMFC passed an order dated September 15, 2012 allowing release of money and papers forfeited by Mr. AM Bhalareo but restricting use of the same by our Company. Subsequently, our Company filed a criminal revision application (No. 25/2013) dated January 11, 2013 before the Sessions Court, Solapur for setting aside the order dated September 15, 2012 passed by the JMFC. Our Company has since the filing of the revision application, not received any further communication from any relevant authority.

Labour Proceedings

There is one labour proceeding filed by our Company. Details of such proceeding is set forth hereunder.

1. Our Company has filed a complaint (Reference Strike ULP Complaint No. 01/2014) dated February 10, 2014 in the Labour Court, Solapur, under Section 25 of the MRTU & PULP Act against Mr. Abdulrashid Abulfaiz Pirajade, Mr. Ismail Abdulkarim Makandar, Mr. Sandeep Bhimashankar Ghule, Mr. Chanvirappa Chanbasappa Aatnure and Mr. Sidram Avanna Sapali (together the "**Alleged Workers**"), in relation to stoppage of work by certain workers on November 14, 2013 at 5:00 p.m. which continued up till November 15, 2013 at 9:00 p.m. and which was instigated by the Alleged Workers. Our Company claimed an amount of ₹ 1.45 million from the Alleged Workers as a result of loss incurred by our company on account of loss of production due to stoppage of work. The Alleged Workers filed their written statement dated April 24, 2014 denying all allegations and further alleging that our Company failed to pay wages to the workers which resulted in stoppage of work by all workers. The Alleged Workers also filed an application for interim relief before the Industrial Court, Solapur stating that since our Company has also initiated departmental inquiry, allegedly arising out of identical allegations, proceedings before Labour Court are not maintainable and prayed for stay to be granted in the departmental enquiry until final disposal of main application with the Labour Court. The application for interim relief was rejected by the Labour Court, Solapur pursuant to its order dated June 27, 2014. Thereafter, a revision application (Revision (ULP) No. 38 of 2014) was filed by the Workers against our Company before the Industrial Court, Solapur challenging the legality of the order of the Labour Court, Solapur dated June 27, 2014 which was also dismissed by the Industrial Court, Solapur pursuant to its order dated August 5, 2014. Our Company thereafter filed an application dated September 17, 2014 to implead Solapur Zilla Mazdoor Sangh as a necessary and proper party since it was actively involved in the strike.

LITIGATION INVOLVING OUR DIRECTORS

Our Directors are not involved in any litigation.

LITIGATION INVOLVING OUR PROMOTERS

Our Promoters are not involved in any litigation.

LITIGATION INVOLVING OUR SUBSIDIARY

Our Subsidiary is not involved in any litigation.

LITIGATION INVOLVING OUR JOINT VENTURES

Our Joint Ventures are not involved in any litigation.

LITIGATION INVOLVING OUR GROUP ENTITIES

Our Group Companies are not involved in any litigation.

MATERIAL FRAUDS AGAINST OUR COMPANY

There have been no material frauds committed against our Company in the five years preceding the date of this Draft Red Herring Prospectus.

AMOUNT OWED TO SMALL SCALE UNDERTAKINGS/CREDITORS

As on the date of this Draft Red Herring Prospectus, our Company does not owe any amount to any micro, small and medium enterprises or other creditors which has been outstanding for more than 30 days except in the ordinary course of business.

STATUTORY DUES

As on February 28, 2015, our Company has paid all outstanding statutory dues.

PAST CASES WHERE PENALTIES WERE IMPOSED

There are no past cases where penalties were imposed on our Company by concerned authorities.

PAST INQUIRIES, INSPECTIONS OR INVESTIGATIONS

There have been no inquiries, inspections or investigations initiated or conducted under the Companies Act 2013 or any previous company law in the last five years immediately preceding the year of issue of the Draft Red Herring Prospectus in the case of Company and its Subsidiary. Also there have been no prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last five years immediately preceding the year of the Draft Red Herring Prospectus.

Further, there are no legal action pending or taken by any Ministry or Department of the Government or a statutory authority against the promoters during the last five years immediately preceding the year of the issue of the Draft Red Herring Prospectus and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action.

CONTINGENT LIABILITIES

Our total contingent liabilities as disclosed in our Restated Consolidated Financial Statements disclosed as per Accounting Standard – 29 of Indian GAAP as of September 30, 2014, were ₹ 6.54 million.

(₹ in million)

Sl. No.	Contingent Liabilities and Commitments	Amount
5.	Excise Duty	2.08
6.	Service Tax	0.07
7.	Provident Fund	1.21
8.	Claims against the Company not acknowledged as debts	3.18
	Total	**6.54**

For further details, see the notes to our restated financial information under "***Financial Statements – Annexure XVI – Restated Consolidated Statement of Contingent Liability***" on page 266.

MATERIAL DEVELOPMENTS

Except as stated in "***Management's Discussion and Analysis of Financial Condition and Results of Operation***" on page 276**,** there have not arisen, since the date of the last Restated Financial Statements disclosed in this Draft Red Herring Prospectus, any circumstances which materially and adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government of India and various governmental agencies required for our present business and except as mentioned below, no further material approvals are required for carrying on our present business operations. Unless otherwise stated, these approvals are valid as on the date of this Draft Red Herring Prospectus.

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to undertake its existing business activities.

I. INCORPORATION AND OTHER DETAILS

1. Certificate of incorporation dated June 8, 1992 issued to our Company by the RoC, Maharashtra, Mumbai.

2. Certificate for change of name dated August 7, 1997 issued to our Company by the RoC, Maharashtra, Mumbai.

II. APPROVALS IN RELATION TO THE OFFER

1. The Board of Directors has, pursuant to resolution passed at its meeting held on November 24, 2014 authorised the Offer, subject to the approval by the shareholders of our Company under Section 62(1)(c) of the Companies Act, 2013.

2. The shareholders of our Company have authorised the Offer, pursuant to a special resolution passed at the annual general meeting of our company held on December 30, 2014, under Section 62(1)(c) of the Companies Act, 2013.

3. Letters dated [●] and [●], granting in-principle approval for listing our Equity Shares on the BSE and the NSE, respectively.

III. APPROVALS IN RELATION TO OUR OPERATIONS

Set forth below is a brief description of the approvals received by our Company for its operations. The approvals obtained in respect of our operations and listed below are valid as of the date of filing of this Draft Red Herring Prospectus. Some of these may expire in the ordinary course of business and applications for renewal of these approvals are submitted in accordance with applicable procedures and requirements. Further, these approvals and licenses are subject to the effective implementation of the conditions contained therein.

EOU Unit

Description	Reference No.	Date of Issue/Renewal	Expiry date	Issuing Authority
		Approvals for our business		
Approval granting permission for enhancement of annual capacity for five years of our premises situated at D-5, D-6, D-7 and D-7/1, MIDC, Chincholi, Solapur, Maharashtra	No. SEEPZ/28/EOU/93/99-00/Vol.III/2515	March 9, 2010	March 31, 2015	Assistant Development Commissioner, SEEPZ Special Economic Zone, Ministry of Commerce and Industry, Government of India
Green Card entitling our EOU Unit to top priority treatment from all concerned central and state governments and other department	No. PER 50(1999)/EO/61/99	March 19, 2010 as amended on September 30, 2011	March 31, 2015	Assistant Development Commissioner, SEEPZ Special

Description	Reference No.	Date of Issue/Renewal	Expiry date	Issuing Authority
related to our operations as amended on September 30, 2011 to include D-6, D-7 and D-7/1, MIDC, Chincholi, Solapur, Maharashtra				Economic Zone, Ministry of Commerce and Industry, Government of India
Approval for storage of LPG gas in pressure vessels in our premises situated at D-5, D-6, D-7 and D-7/1, MIDC, Chincholi, Solapur, Maharashtra	No. S/HO/MH/03/1595(S41954)	March 20, 2014	March 31, 2017	Controller of Explosives, Joint Chief Controller of Explosives, Petroleum and Explosives Safety Organization, West Circle, Navi Mumbai, Ministry of Commerce and Industry, Government of India
Permission for examination and factory stuffing of excise and non-excisable cargo for export granted in favour of our Company situated at D-5, MIDC, Chincholi, Solapur, Maharashtra	F. No. S/6-GEN-75/08-09 Exp FSP	August 12, 2008	Not Applicable	Additional Commissioner of Customs, FSP Cell, Office of the Commissioner of Customs (Export), Jawaharlal Nehru Custom House, Nhava Sheva, Raigad, Maharashtra

Labour related approvals

Factories Act registration in respect of our premises situated at D-5, D-6, D-7 and D-7/1, MIDC, Chincholi, Solapur, Maharashtra	No. 095968	Original registration certificate issued on January 12, 2001	December 31, 2015	Director, Industrial Health and Safety, State Government of Maharashtra, Mumbai
Employees' Provident Fund Organization registration in respect of our premises situated at D-5, D-6, D-7 and D-7/1, MIDC, Chincholi, Solapur, Maharashtra	No. MH/SLP/105049/Enf/HSJ/2000/2462	December 14, 2000	Not Applicable	Assistant Provident Fund Commissioner, Officer In Charge, Sub Regional Office, Solapur
Contract Labour registration in respect of our premises situated at D-5, MIDC, Chincholi, Solapur, Maharashtra	009907/R-40	January 11, 2010 last renewed on November 10, 2014	December 31, 2015	Assistant Commissioner of Labour, Solapur, Government of Maharashtra

Environment related approvals

Consent to operate under the Water	Format	May 9, 2014	May 31, 2015	Member

Description	Reference No.	Date of Issue/Renewal	Expiry date	Issuing Authority
Act, the Air Act and Hazardous Wastes Rules provided in respect of our premises situated at D-5, MIDC, Chincholi, Solapur, Maharashtra for manufacture of camshaft casting with a maximum manufacturing capacity of 2300 MT per month and fully finished machine shafts with a maximum manufacturing capacity of 80,000 camshafts per month	1.0/BO/CAC-Cell/EIC No. PN-19437-13/23rd CAC/CAC-4503	with effect from August 1, 2013		Secretary, Maharashtra Pollution Control Board
Consent to operate under the Water Act, the Air Act and Hazardous Wastes Rules provided in respect of our premises situated at D-6, D-7 and D-7/1, MIDC, Chincholi, Solapur, Maharashtra for manufacture of camshaft casting with a maximum manufacturing capacity of 900 MT per month and fully finished machine shafts with a maximum manufacturing capacity of 100,000 casting machining per month	Format 1.0/BO/CAC-Cell/RO(Pune)/24th CAC/CAC-4177	May 3, 2014	May 31, 2015	Member Secretary, Maharashtra Pollution Control Board

Tax related approvals

Amended Central Excise registration certificate in favour of our premises situated at D-5, D-6, D-7, D-7/1, MIDC, Chincholi, Solapur, Maharashtra	No. AABCP1086BXM004	August 26, 2011, originally issued on March 19, 2008	Not Applicable	Assistant Commissioner, Central Excise and Customs, Solapur Division, Department of Revenue, Ministry of Finance, Government of India
Amended Service Tax registration in respect of our premises situated at D-5, D-6, D-7 and D-7/1, MIDC, Chincholi, Solapur, Maharashtra	No. AABCP1086BST003	July 29, 2011 with original registration certificate issued on March 27, 2008	Not Applicable	Superintendent (Service Tax) Central Excise, Solapur Division, Central Board of Excise and Customs, Department of Revenue, Ministry of Finance, Government of India
Tax Account Deduction Number in respect of our premises situated at D 5, MIDC, Chincholi, Solapur, Maharashtra	No. 72010600061141171/TAN/NEW	April 11, 2008	Not Applicable	National Securities Depository Limited, Income Tax Department
VAT registration in respect of our premises situated at D-5, D-6, D-7 and D-7/1, MIDC, Chincholi, Solapur, Maharashtra	27080001359V	May 20, 2008 with effect from April 1, 2006	Not Applicable	Sales Tax Officer, Vat 6, Sales Tax Department, Maharashtra

Domestic Unit - Unit I

Description	Reference No.	Date of Issue/Renewal	Expiry date	Issuing Authority
		Labour related approvals		
Factories Act registration in respect of our premises situated at E-102 and 103, MIDC, Akkalkot Road, Solapur, Maharashtra	No. 072682	Original registration certificate issued on June 15, 1995	December 31, 2005	Director, Industrial Health and Safety, State Government of Maharashtra, Mumbai
Employees' Provident Fund Organization registration in respect of our premises situated at E-102 and 103, MIDC, Akkalkot Road, Solapur, Maharashtra	No. MH/PF/SRO/SLP/Enf/dt/9/5/2002	May 9, 2002	Not Applicable	Officer In Charge, Assistant Provident Fund Commissioner, Sub Regional Office, Solapur
Employees' State Insurance Corporation registration in respect of our premises situated at E-102 and 103, MIDC, Akkalkot Road, Solapur, Maharashtra	No. 26031/94/33/8926/67	September 27, 1994	Not Applicable	Assistant Regional Director, Sub Regional Office, Pune, Employees' State Insurance Corporation
		Environment related approvals		
Consent to operate under the Water Act, the Air Act and the Hazardous Wastes Rules provided in favour of our premises located at E-102 and 103, MIDC, Akkalkot Road, Solapur, Maharashtra for the manufacture of finished camshaft machining with maximum capacity of 250 MT per month but does not include phospating or foundry activities	No. SRSOL/E-25/CC/SOL/LB-996	July 29, 2010	March 31, 2021 subject to validity of the Hazardous Wastes Management Rules until July 28, 2015	Regional Officer, Solapur, Maharashtra Pollution Control Board
		Tax related approvals		
Central Sales Tax registration in favour of our Company situated at E-102, E-103, Akkalkot Road, MIDC, Solapur, Maharashtra in respect of cicastings, forgings, grinding wheels, drills , cutters	27080001359C	April 1, 2006	Not Applicable	Registration Officer, Sales Tax Department, Maharashtra
Central Sales Tax registration in favour of our Company situated at E-102, E-103, Akkalkot Road, MIDC, Solapur, Maharashtra in respect of Tappets	27080001359C	May 14, 2008 with effect from April 1, 2006	Not Applicable	Sales Tax Officer, VAT 6, Sales Tax Department, Maharashtra
VAT registration in respect of our premises situated at E-102 and 103, MIDC, Akkalkot Road, Solapur, Maharashtra	27080001359V	May 14, 2008 with effect from April 1, 2006	Not Applicable	Sales Tax Officer, VAT 6, Sales Tax Department, Maharashtra
Central Excise registration in respect of our premises situated at E-102 and	No. AABCP1086BXM0	December 12, 2001	Not Applicable	Superintendent of Central

Description	Reference No.	Date of Issue/Renewal	Expiry date	Issuing Authority
103, MIDC, Akkalkot Road, Solapur, Maharashtra	01			Excise, Range I, Solapur
Service Tax registration as amended in respect of our premises situated at E-102 and 103, MIDC, Akkalkot Road, Solapur, Maharashtra	No. AABCP1086BST001	July 23, 2012	Not Applicable	Superintendent, Service Tax Cell, Central Excise and Customs, Solapur Division, Department of Revenue, Ministry of Finance, Government of India

Domestic Unit - Unit II

Description	Reference No.	Date of Issue/Renewal	Expiry date	Issuing Authority
		Labour related approvals		
Factories Act registration in respect of our premises situated E-90, MIDC, Akkalkot Road, Solapur, Maharashtra	No. 072678	Original registration certificate issued on June 26, 1996	December 31, 2005	Director, Industrial Health and Safety, State Government of Maharashtra, Mumbai
Employees' Provident Fund Organization in respect of our premises situated E-90, MIDC, Akkalkot Road, Solapur, Maharashtra	No. MH/PF/SRO/SLP/Enf/dt/9/5/2002	May 9, 2002	Not Applicable	Officer In Charge, Assistant Provident Fund Commissioner, Sub Regional Office, Solapur
Employees' State Insurance Corporation registration in respect of our premises situated E-90, MIDC, Akkalkot Road, Solapur, Maharashtra	No. 26031/94/33/8926/67	September 27, 1994	Not Applicable	Assistant Regional Director, Sub Regional Office, Pune, Employees' State Insurance Corporation
		Environment related approvals		
Application for renewal of consent to operate under the Water Act, the Air Act and the Hazardous Wastes (Management Handling and Transboundry) Rules provided in respect of our premises situated E-90, MIDC, Akkalkot Road, Solapur, Maharashtra for manufacture of camshaft casting (without electroplating, pickling, painting and chemical surface activities) with a maximum manufacturing capacity of 580 MT per month	-	October 11, 2014	-	Sub Regional Officer, Maharashtra Pollution Control Board, Solapur

Description	Reference No.	Date of Issue/Renewal	Expiry date	Issuing Authority
		Tax related approvals		
Service Tax registration in respect of our premises situated E-90, MIDC, Akkalkot Road, Solapur, Maharashtra	No. AABCP1086BST002	December 3, 2007	Not Applicable	Superintendent, Service Tax Cell I, Central Excise and Customs, Solapur Division
VAT registration in respect of our premises situated E-90, MIDC, Akkalkot Road, Solapur, Maharashtra	27080001359V	April 1, 2006	Not Applicable	Registration Officer, Sales Tax Department, Maharashtra
Central Excise registration Certificate in respect of our premises situated E-90, MIDC, Akkalkot Road, Solapur, Maharashtra	No. AABCP1086BXM002	December 3, 2007	Not Applicable	Superintendent, Service Tax Cell-I, Central Excise and Customs, Solapur Division

IV. APPROVALS IN RELATION TO THE PROPOSED MACHINE SHOP FOR DUCTILE IRON CAMSHAFTS

Description	Reference No.	Date of Application	Expiry date	Issuing Authority
		Labour related approvals		
Application for No Objection Certificate for carrying out activities involving fire in the factory building	PCL/001/14-15	January 24, 2015	-	Divisional Fire Officer, MIDC, Solapur, Maharashtra
		Environment related approvals		
Application for consent to establish under the Water Act, the Air Act and the Hazardous Wastes Rules provided in favour of our machine shop for manufacturing ductile camshafts	-	February 1, 2015	-	Sub Regional Officer, Maharashtra Pollution Control Board, Solapur

However, as on the date of this Draft Red Herring Prospectus, we have not received any of these approvals in relation to the establishment of the new machine shop for ductile iron camshafts.

V. MISCELLANEOUS APPROVALS FOR OUR BUSINESS

Description	Reference No.	Date of Issue/Renewal	Expiry date	Issuing Authority
Amended Certificate of Importer-Exporter Code for including all of the existing Company's manufacturing locations	No. 3192002336	November 30, 2011 wherein the original certificate issued on September 16, 1992	Not Applicable	Director General of Foreign Trade Development Officer, Ministry of Commerce, and Industry, Government of

Description	Reference No.	Date of Issue/Renewal	Expiry date	Issuing Authority
				India
Permanent Account Number	No. AABCP1086B	February 22, 2000	Not Applicable	Commissioner of Income Tax, Kolhapur, Maharashtra

VI. TRADEMARK APPROVALS

Description	Reference No.	Class	Date of Issue/Renewal	Expiry date	Issuing Authority
Registration of "PRECISION" trademark in respect of our Company	829172	11	August 31, 2005	November 11, 2018	Registrar of Trademarks, Trade Marks Registry, Mumbai
Registration of "PRECISION" trademark in respect of our Company	829173	16	September 2, 2005	November 11, 2018	Registrar of Trademarks, Trade Marks Registry, Mumbai

Further, our Company has also applied to the trademark registry for renewal of its logo under class 12 and class 16 as appearing on the cover page of this Draft Red Herring Prospectus and such application is currently pending approval.

The above approvals are valid as on the date of the filing of this Draft Red Herring Prospectus. Some of these may expire in the ordinary course of business and applications for renewal of these approvals are submitted upon their expiry.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

Corporate Approvals

- Our Board has, pursuant to its resolution dated November 24, 2014, authorized the Offer, subject to the approval of the Equity Shareholders of our Company under Section 62(1)(c) of the Companies Act 2013.

- Our Equity Shareholders have, pursuant to a resolution dated December 30, 2014, under Section 62(1)(c) of the Companies Act, authorized the Offer.

Approvals from the Selling Shareholders

- Mr. Yatin Shah has, pursuant to letter dated March 2, 2015 approved the sale of up to 2,800,000 Equity Shares held by him, pursuant to the Offer for Sale.

- Dr. Suhasini Shah has, pursuant to letter dated March 2, 2015 approved the sale of up to 800,000 Equity Shares held by her, pursuant to the Offer for Sale.

- Mr. Jayant Aradhye has, pursuant to letter dated March 2, 2015 approved the sale of up to 2,400,000 Equity Shares held by him, pursuant to the Offer for Sale.

- Cams Technology Limited has, pursuant to resolution dated March 2, 2015 of its board of directors, approved the sale of up to 2,640,000 Equity Shares held by it, pursuant to the Offer for Sale.

In-principle Listing Approvals

- We have received an in-principle approval from the BSE for the listing of our Equity Shares pursuant to a letter dated [●].

- We have received an in-principle approval from the NSE for the listing of our Equity Shares pursuant to a letter dated [●].

Prohibition by the SEBI, the RBI or Governmental Authorities

Our Company, our Promoters, our Promoter Group, our Directors, our Group Entities and persons in control of our Company, and the Selling Shareholders are not prohibited 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 Promoters, 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 made by the SEBI or any other governmental authorities.

None of our Directors are in any manner associated with the securities market and there has been no action taken by the SEBI against our Directors or any entity in which our Directors are involved in as promoters or directors

Neither our Company, nor any of our Promoters, Group Entities, nor our Directors, nor the relatives (as per the Companies Act) of our Promoters, have been detained as wilful defaulters by the RBI or any other governmental authorities.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with Regulation 26(1) of the SEBI ICDR Regulations as described below:

"*An issuer may make an initial public offer, if:*

(a) it has net tangible assets of at least three crore rupees in each of the preceding three full years (of twelve months each), of which not more than fifty per cent. are held in monetary assets:

Provided that if more than fifty per cent. of the net tangible assets are held in monetary assets, the issuer has made firm commitments to utilise such excess monetary assets in its business or project;

Provided further that the limit of fifty per cent. on monetary assets shall not be applicable in case the public offer is made entirely through an offer for sale.

(b) it has a minimum average pre-tax operating profit of rupees fifteen crore, calculated on a restated and consolidated basis, during the three most profitable years out of the immediately preceding five years.

(c) it has a net worth of at least one crore rupees in each of the preceding three full years (of twelve months each);

(d) the aggregate of the proposed issue and all previous issues made in the same financial year in terms of the issue size does not exceed five times its pre-issue net worth as per the audited balance sheet of the preceding financial year;

(e) if it has changed its name within the last one year, at least fifty per cent. of the revenue for the preceding one full year has been earned by it from the activity indicated by the new name."

Set forth below are the net tangible assets, monetary assets, monetary assets as a percentage of our net tangible assets, our pre tax operating profit and net worth, which are derived from our Restated Consolidated Financial Statements, as of and for the three years ended March 31, 2012, March 31, 2013 and March 31, 2014 included in this Draft Red Herring Prospectus.

(*₹ in million except as indicated*)

Particulars	Fiscal 2014	Fiscal 2013	Fiscal 2012
Pre-tax operating profit (1)	346.37	386.46	298.06
Networth (2)	1,722.22	1,086.62	850.83
Net tangible assets (3)	5,117.61	3,952.63	3,362.66
Monetary assets (4)	1,679.64	1,289.00	1,569.72
Monetary assets as a % of net tangible assets (4/3)	32.82%	32.61%	46.68%

Notes:
(1) Pre-tax operating profit is profit before tax as per restated and consolidated financials as reduced by other income and adjusted for finance cost.
(2) 'Net worth' has been defined as the aggregate of the paid up share capital and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of the miscellaneous expenditure (to the extent not adjusted or written-off) as per Restated Unconsolidated Financial Statements.
(3) 'Net tangible assets' means the sum of all net assets of the Company as per Restated Unconsolidated Financial Statements excluding intangible assets as defined in Accounting Standard 26 notified pursuant to Companies (Accounting Standards) Rules 2006.
(4) Monetary assets include current and non-current assets excluding inventories, non-current investments, prepaid expenses and unamortised expenditure.

Our average pre-tax operating profit calculated on a restated consolidated basis, during the three most profitable years being year ended on March 31, 2014, March 31, 2013 and March 31, 2102 out of the immediately preceding five years is ₹ 343.63 million. Set forth hereunder are details of the pre-tax operating profits of our Company, as derived from our Restated Consolidated Financial Statements as at March 31, 2014, March 31, 2013 and March 31, 2012, respectively.

(*₹ in million*)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012

Restated profit before tax	345.58	368.09	279.18
Less: Other Income	125.54	87.19	86.26
Add: Finance costs	126.33	105.56	105.14
Restated pre-tax operating profit	346.37	386.46	298.06

Hence, we are eligible for the Offer as per Regulation 26(1) of the SEBI ICDR Regulations. Further, in accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of Allottees under the Offer shall be not less than 1,000, otherwise, the entire application money will be refunded forthwith. If our Company does not Allot Equity Shares pursuant to the Offer within 12 Working Days from the Bid/Offer Closing Date or within such timeline as prescribed by the SEBI, it shall repay without interest all monies received from bidders, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period.

Our Company will bear all costs, charges, fees and expenses associated with and incurred in connection with this Offer, other than such costs, charges, fees or expenses required to be borne by our Company and the Selling Shareholders in proportion to the Equity Shares being offered by each of our Company and the Selling Shareholders in this Offer, in accordance with Applicable Law.

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. THE 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 SBI CAPITAL MARKETS LIMITED, HDFC BANK LIMITED AND INDIA INFOLINE 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 SBI CAPITAL MARKETS LIMITED HDFC BANK LIMITED AND INDIA INFOLINE LIMITED, HAVE FURNISHED TO THE SEBI A DUE DILIGENCE CERTIFICATE DATED MARCH 10, 2015 WHICH READS AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION SUCH AS COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS DATED MARCH 10, 2015 PERTAINING TO THE 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 ISSUE, 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, AS AMENDED AND REPLACED BY THE COMPANIES ACT, 2013, TO THE EXTENT IN FORCE, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 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 UNTIL DATE SUCH REGISTRATIONS ARE VALID;

4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – <u>NOTED FOR COMPLIANCE</u>;

5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS 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 PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH 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 PROMOTERS' 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 SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTERS' 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 – <u>NOT APPLICABLE</u>;

8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE 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;

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 BETWEEN 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;**

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 SEBI FROM TIME TO TIME.**

13. **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE OFFER - COMPLIED WITH AND 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, PROMOTERS' EXPERIENCE, ETC.;**

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;**

16. **WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY BRLMS (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY THE SEBI THROUGH CIRCULAR;**

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 REPORTED IN ACCORDANCE WITH**

ACCOUNTING STANDARD 18 IN THE FINANCIAL STATEMENTS OF THE COMPANY INLCUDED IN THE DRAFT RED HERRING PROSPECTUS.

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF THE COMPANIES ACT 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BRLMs, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

Price Information of Past Issues handled by the BRLMs

Price information of past issues handled by SBI Capital Markets Limited

No.	Issuer Name	Issue Size (₹ in million)	Issue Price (₹)	Listing Date	Opening Price on Listing Date	Closing Price on Listing Date	% Change in Price on Listing Date (Closing) vs. Issue Price	Benchmark Index on Listing Date (Closing)	Closing Price on 10th Calendar Day from Listing Date	Benchmark Index as on 10th Calendar Day from Listing Day (Closing)	Closing Price as on 20th Calendar Day from Listing Date	Benchmark Index as on 20th Calendar Day From Listing Day (Closing)	Closing Price as on 30th Calendar Day from Listing Date	Benchmark Index as on 30th Calendar Day from Listing Day (Closing)
1	Credit Analysis and Research Limited	5,399.77	750.00	December 26, 2012	949.00	923.95	23.19%	19,417.46	934.45	19,784.08	924.15	19,906.41	916.60	19,923.78
2	PC Jewellers Limited	6,013.08	135.00(1)	December 27, 2012	135.50	149.00	10.37%	19,323.80	181.90	19,691.42	169.00	19,986.82	157.80	20,103.53
3	Repco Home Finance Limited	2,702.32	172.00(2)	April 1, 2013	159.95	161.8	(5.93)%	5,704.40	171.65	5,558.70	168.75	5,834.40	170.90	5,930.20
4.	Monte Carlo Fashions Limited	3,504.30	645.00	December 19, 2014	585.00	566.40	(12.19)%	27,371.84	526.40	27,395.73	503.35	26,908.82	473.90	28,262.01

Note: The 10th, 20th and 30th calendar day computation includes the listing day. If either of the 10th, 20th or 30th calendar days is a trading holiday, the next trading day is considered for the computation. We have considered the designated stock exchange for the pricing calculation.

(1)In PC Jewellers Limited, the issue price for employees and retail individual bidders was ₹130.00

(2)In Repco Home Finance Limited, the Issue price for employees was ₹156.00

Summary statement of price information of past issues handled by SBI Capital Markets Limited

Financial Year	Total No. of IPOs	Total Funds Raised (₹ in million)	No. of IPOs Trading at Discount on Listing Date			No. of IPOs Trading at Premium on Listing Date			No. of IPOs Trading at Discount as on 30th Calendar Day from Listing Date			No. of IPOs Trading at Premium as on 30th Calendar Day from Listing Date		
			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%
2012-13	2	11,412.85	-	-	-	-	-	2	-	-	-	-	-	2
2013-14	1	2,702.32	-	-	1	-	-	-	-	-	1	-	-	-
2014-15	1	3,504.30	-	-	1	-	-	-	-	1	-	-	-	-

Note: The 30th calendar day computation includes the listing day. If the 30th calendar day is a trading holiday, the next trading day is considered for the computation.

Price information of past issues handled by HDFC Bank Limited

No.	Issuer Name	Issue Size (₹ in million)	Issue Price (₹)	Listing Date	Opening Price on Listing Date	Closing Price on Listing Date	% Change in Price on Listing Date (Closing) vs. Issue Price	Benchmark Index on Listing Date (Closing)	Closing Price on 10th Calendar Day from Listing Date	Benchmark Index as on 10th Calendar Day from Listing Day (Closing)	Closing Price as on 20th Calendar Day from Listing Date	Benchmark Index as on 20th Calendar Day From Listing Day (Closing)	Closing Price as on 30th Calendar Day from Listing Date	Benchmark Index as on 30th Calendar Day from Listing Day (Closing)
1	Bharti Infratel Limited*	41,727.6	220.0(1)	December 28, 2012	200.00	191.65	-12.89	5,908.35	207.40	5,988.40	204.95	6,039.20	210.30	6,074.80
2	Snowman Logistics Limited	1,974.00	47	September 12, 2014	76	79.8	69.79	8,105.50	99.2	8,146.30	84.7	7,852.40	84.3	7,884.25

Source: www.nseindia.com
Benchmark Index considered above in all the cases was Nifty
Note: 10th, 20th, 30th trading day from listed day have been taken as listing day plus 10, 20 and 30 calendar days. Wherever 10th, 20th, 30th trading day is a holiday, we have considered the closing data of the next trading date / day
(1) In Bharti Infratel Limited, the anchor investor issue price was ₹230 per equity share and the issue price to Retail Individual Bidders was ₹210 per equity share.

Summary statement of price information of past issues handled by HDFC Bank Limited

Financial Year	Total No. of IPOs based on date of listing	Total Funds Raised (₹ in million)	No. of IPOs Trading at Discount on Listing Date			No. of IPOs Trading at Premium on Listing Date			No. of IPOs Trading at Discount as on 30th Calendar Day from Listing Date			No. of IPOs Trading at Premium as on 30th Calendar Day from Listing Date		
			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%
2012-13	1	41,727.6	-	-	1	-	-	-	-	-	1	-	-	-
2013-14	Nil	Nil	-	-	-	-	-	-	-	-	-	-	-	-
2014-15	1	1,974.00	-	-	-	1	-	-	-	-	-	1	-	-

Price information of past issues handled by India Infoline Limited

No.	Issuer Name	Issue Size (₹ in million)	Issue Price (₹)	Listing Date	Opening Price on Listing Date	Closing Price on Listing Date	% Change in Price on Listing Date (Closing) vs. Issue Price	Benchmark Index on Listing Date (Closing)	Closing Price on 10th Calendar Day from Listing Date	Benchmark Index as on 10th Calendar Day from Listing Day (Closing)	Closing Price as on 20th Calendar Day from Listing Date	Benchmark Index as on 20th Calendar Day From Listing Day (Closing)	Closing Price as on 30th Calendar Day from Listing Date	Benchmark Index as on 30th Calendar Day from Listing Day (Closing)
1	Nil	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

2	Nil	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
3	Nil	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Summary statement of price information of past issues handled by India Infoline Limited

Financial Year	Total No. of IPOs	Total Funds Raised (₹ in million)	No. of IPOs Trading at Discount on Listing Date			No. of IPOs Trading at Premium on Listing Date			No. of IPOs Trading at Discount as on 30th Calendar Day from Listing Date			No. of IPOs Trading at Premium as on 30th Calendar Day from Listing Date		
			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%
2012-13	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2013-14	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2014-15	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Track records of past issues handled by the BRLMs

For details regarding the track record of the BRLMs, as specified under Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please refer to the website of SBI Capital Markets Limited at http://www.sbicaps.com/index.php/track-record-of-public-issue-2/,website of HDFC Bank Limited at http://www.hdfcbank.com/wholesale/info-as-per-SEBI-circular.htm and the website of India Infoline Limited at http://www.iiflcap.com.

Caution – Disclaimer from our Company, our Directors, the Selling Shareholders and the BRLMs

Our Company, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our website, www.pclindia.in, would be doing so at his or her own risk. The Selling Shareholders, their directors, affiliates, associates and their respective directors and officers accept no responsibility for any statements or undertakings made other than those made in relation to them and/or to the Equity Shares offered by the Selling Shareholders through the Offer for Sale.

The BRLMs accepts no responsibility, save to the limited extent as provided in the Offer Agreement entered into among the BRLMs, the Selling Shareholders and our Company dated March 4, 2015, and the Underwriting Agreement to be entered into among the Underwriters, the Selling Shareholders and our Company.

All information shall be made available by our Company, the Selling Shareholders and the BRLMs to the Bidders and public at large and no selective or additional information would be 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 the Syndicate shall be liable to the Bidders for any failure in uploading the Bids, due to faults in any software or hardware system, or otherwise.

The BRLMs and their respective associates may engage in transactions with, and perform services for our Company, the Selling Shareholders, our Group Entitles and our respective affiliates and associates in the ordinary course of business, and have engaged, or may in the future engage in commercial banking and investment banking transactions with our Company, the Selling Shareholders or our Group Entities or their respective affiliates or associates 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 our 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, 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 constitution 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 Non Resident Indians ("**NRIs**"), Alternative Investment Funds ("**AIFs**"), Foreign Portfolio Investors registered with SEBI ("**FPIs**") and QIBs. This Draft Red Herring Prospectus does not, however, constitute 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, India only.

No action has been, or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus was 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 ("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. Accordingly, such Equity Shares are being offered and sold outside of the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

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 single 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 us 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 us 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 Corporation Finance Department, SEBI Bhavan, Plot No. C4 A, G Block, 3rd Floor, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, India.

A copy of the Red Herring Prospectus, along with the documents required to be filed, will be delivered for registration to the RoC in accordance with Section 32 of the Companies Act, 2013, and a copy of the Prospectus required to be filed under Section 26 of the Companies Act, 2013 will be delivered for registration to the RoC situated at the address mentioned below.

The Registrar of Companies, Maharashtra at Pune
PMT Building
Pune Stock Exchange
3rd Floor, Deccan Gymkhana
Pune 411 004
Maharashtra, India

Listing

Application has been made to the Stock Exchanges for obtaining permission for listing 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 and the Selling Shareholders shall forthwith repay, without interest, all monies received from the applicants in reliance of the Red Herring Prospectus. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges are taken within 12 Working Days of the Bid/Offer Closing Date. If our Company does not allot Equity Shares pursuant to the Offer within 12 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 applicants at the rate of 15% per annum for the delayed period.

The Selling Shareholders undertake to provide such reasonable support and extend reasonable cooperation as may be requested by our Company, to the extent such support and cooperation is required from such party to facilitate the process of listing and commencement of trading of the Equity Shares on the Stock Exchanges. Our Company will bear all costs, charges, fees and expenses associated with and incurred in connection with this Offer, other than such costs, charges, fees or expenses required to be borne by our Company and the Selling Shareholders in proportion to the Equity Shares being offered by each of our Company and the Selling Shareholders in this Offer, in accordance with Applicable Law. Further, each of the Selling Shareholder shall reimburse our Company for any interest paid by it, on behalf of the Selling Shareholders, in proportion to the Equity Shares offered for sale by each of the Selling Shareholder in the Offer, in so far as any delays pertain to the Equity Shares offered for sale by such Selling Shareholder.

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) the Selling Shareholders, our Directors, the Company Secretary and Compliance Officer, the Auditors, the legal counsels, the Bankers to our Company, the Bankers to the Offer, lenders (where such consent is required), industry sources, customers/other third parties (where names of such customers/third parties have been disclosed); and (b) the BRLMs, the Syndicate Members and the Registrar to the Offer to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus with the RoC.

Our Company has received written consent from, SRBC & Co. LLP, Chartered Accountants, our Auditors, to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Draft Red Herring Prospectus and as "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of the reports of the Auditor on the Restated Unconsolidated Financial Statements and on the Restated Consolidated Financial Statements, each dated March 5, 2015 and the statement of tax benefits dated March 10, 2015 included in this

Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Expert Opinion

Except for the report of our Auditor on the Restated Financial Statements and the statement of tax benefits included in this Draft Red Herring Prospectus, on pages 170 and 95, certificates received from DKV & Associates, Chartered Accountants dated March 2, 2015 and the certificate received from Dhananjay Datar and Associates, Architects and Valuers dated January 15, 2015, respectively, our Company has not obtained any expert opinion.

Offer Related Expenses

The total expenses of the Offer are estimated to be approximately ₹ [●] million. The expenses of this Offer include, among others, underwriting and management fees, printing and distribution expenses, advertisement expenses, legal fees and listing fees. The estimated Offer expenses are as follows:

(₹ in million)

Activity	Estimated expenses*	As a % of the total estimated Offer expenses	As a % of the total Offer size
Fees payable to the Book Running Lead Managers (including Underwriting commission)	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Fees payable to the Registrar to the Offer	[●]	[●]	[●]
Brokerage and selling commission payable to Syndicate**	[●]	[●]	[●]
Brokerage and selling commission payable to Registered Brokers**	[●]	[●]	[●]
Processing fees to SCSBs for ASBA Applications procured by the members of the Syndicate or Registered Brokers and submitted with the SCSBs**	[●]	[●]	[●]
Others (listing fees, legal fees, stationary charges, Bankers to the Offer, auditor's fees etc.)	[●]	[●]	[●]
Total estimated Offer expenses	[●]	[●]	[●]

**Will be incorporated at the time of filing of the Prospectus.*

*** Disclosure of commission and processing fees will be incorporated at the time of filing the Red Herring Prospectus.*

Our Company will bear all costs, charges, fees and expenses associated with and incurred in connection with this Offer, other than such costs, charges, fees or expenses required to be borne by our Company and the Selling Shareholders in proportion to the Equity Shares being offered by each of our Company and the Selling Shareholders in this Offer, in accordance with Applicable Law.

Fees, Brokerage and Selling Commission

The total fees payable to the BRLMs and Syndicate Members (including underwriting and selling commissions), and reimbursement of their out of pocket expenses, will be as stated in the respective engagement letter with the BRLMs, dated July 22, 2014, October 21, 2014 and February 3, 2015 for SBI Capital Markets Limited, HDFC Bank Limited and India Infoline Limited, respectively and the Syndicate Agreement to be executed among our Company, the Selling Shareholders and the members of the Syndicate, copies of 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, refund order, preparation of refund data on magnetic tape and printing of bulk mailing register, will be as per the agreement dated March 3, 2015 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.

The Registrar to the Offer will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Offer to enable it to send refund orders or Allotment Advice by registered post/speed post (subject to postal rules).

Particulars regarding Public or Rights Issues during the Last Five Years

There have been no public or rights issues undertaken by our Company during the five years immediately preceding the date of this Draft Red Herring Prospectus.

Commission or Brokerage on Previous Issues

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 67, 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***", our Company has not made any capital issues during the three years immediately preceding the date of this Draft Red Herring Prospectus. None of our Group Entities, Subsidiary or our Associate Companies is listed on any stock exchange in India or overseas as on the date of this Draft Red Herring Prospectus.

Performance vis-à-vis Objects

Our Company has not completed any public or rights issue in the 10 years immediately preceding the date of this Draft Red Herring Prospectus.

Performance vis- à-vis Objects: Last Issue of Subsidiary, Group Entities or Associate Companies

None of our Subsidiary, Group Entities or our Associate Companies has made any public or rights issues in the 10 years immediately preceding the date of this Draft Red Herring Prospectus.

Outstanding Debentures, Bonds or Redeemable Preference Shares

As on the date of this Draft Red Herring Prospectus, our Company does not have any outstanding debentures, bonds or redeemable preference shares.

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 by our Company

The agreement dated March 3, 2015 among the Registrar to the Offer, the Selling Shareholders and our Company, provides for retention of records with the Registrar to the Offer for a minimum period of three years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, in order to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

Investors may contact the BRLMs for any complaint pertaining to the Offer. All grievances relating to the non-ASBA process must be addressed to the Registrar to the Offer quoting the full name of the sole or first Bidder, Bid cum Application Form number, the Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the Syndicate Member or the Registered Broker where the Bid was submitted and cheque or draft number and issuing bank thereof.

All grievances relating to the ASBA process may be addressed to the Registrar to the Offer, with a copy to the relevant SCSB or the member of the Syndicate if the Bid was submitted to a member of the Syndicate at any of the Specified Locations, or the Registered Broker if the Bid was submitted to a Registered Broker at any of the Broker Centres, as the case may be, quoting the full name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate or the Designated Branch or the Registered Broker, as the case may be, where the ASBA Bid was submitted and ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

Disposal of Investor Grievances by our Company and Listed Group Entities

We estimate that the average time required by our Company and/or the Registrar to the Offer for the redressal of routine investor grievances shall be 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 Mr. Swapneel Kuber, 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.

Mr. Swapneel Kuber
Gurukrupa, Bunglow No. 70
Shivaji Housing Society
Senapati Bapat Road
Pune 411 016
Maharashtra, India
Tel: (+ 91 20) 69401114
Fax: (+ 91 217) 2653398
E-mail: sskuber@pclindia.in

Further, our Board has constituted a Stakeholders' Relationship Committee comprising our Directors, Mr. Vedant Pujari, Dr. Suhasini Shah and Mr. Pramod Mehendale, which is responsible for redressal of grievances of the security holders of our Company. For more information, see "***Our Management***" on page 153.

We do not have any listed Group Entities as on the date of this Draft Red Herring Prospectus.

Changes in Auditors

There have been no changes to our auditors in the three years immediately preceding the date of this Draft Red Herring Prospectus.

Capitalization of Reserves or Profits

Except as disclosed in "***Capital Structure***" on page 67, 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 since its incorporation.

PRECISION

SECTION VII – OFFER RELATED INFORMATION
OFFER STRUCTURE

The Offer is of up to [●] Equity Shares of face value of ₹ 10 each, at an Offer Price of ₹ [●] for cash, including a premium of ₹ [●] per Equity Share, aggregating up to ₹ [●] million and is being made through the Book Building Process. The Offer comprises a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 2,400 million by our Company and an Offer for Sale of up to 8,640,000 Equity Shares by the Selling Shareholders. The Offer shall constitute [●]% of the post-Offer paid up Equity Share capital of our Company.

	QIBs*	Non-Institutional Investors	Retail Individual Investors
Number of Equity Shares available for allocation**	[●] Equity Shares, or Offer less allocation to Non-Institutional Investors and Retail Individual Investors	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	50% of the Offer will be available for allocation 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 Offer or Offer less allocation to QIBs and Retail Individual Investors	Not less than 35% of the Offer or the Offer less allocation to QIBs and Non-Institutional Investors
Basis of Allotment if respective category is oversubscribed	Proportionate as follows: (a) [●] Equity Shares will be available for allocation on a proportionate basis to Mutual Funds; and (b) [●] Equity Shares will be available for allocation on a proportionate basis to QIBs including Mutual Funds receiving allocation as per (a) above	Proportionate	Allotment to each Retail Individual Investor shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Category, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis. For more information, see "***Offer Procedure***" on page 343.
Mode of Bidding	Through ASBA process only	Through ASBA process only	Both the ASBA process and the non-ASBA process are available to Retail Individual Investors
Minimum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹ 200,000	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹ 200,000	[●] Equity Shares
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not

	QIBs*	Non-Institutional Investors	Retail Individual Investors
	that the Bid does not exceed the Offer, subject to applicable limits	does not exceed the Offer, subject to applicable limits	exceed ₹ 200,000
Mode of Allotment	Compulsorily in dematerialized form		
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter		
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter		[●] Equity Shares and in multiples of one Equity Share thereafter subject to availability in the Retail Category
Trading Lot	One Equity Share		
Who can Apply***	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, AIFs, 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 resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India, insurance	Resident Indian individuals, HUFs (in the name of Karta), companies, corporate bodies, Eligible NRIs, Eligible QFIs, 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 ₹ 200,000 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 ₹ 200,000 in value

	QIBs*	Non-Institutional Investors	Retail Individual Investors
	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		
Terms of Payment	The entire Bid Amount will be payable at the time of submission of the Bid cum Application Form to the Syndicate or the Designated Branch or the member of the Syndicate at the Specified Location or the Registered Broker at the Broker Centre, as the case may be. In case of ASBA Bidders, the SCSB will be authorized to block funds equivalent to the Bid Amount in the relevant ASBA Account as detailed in the Bid cum Application Form.		

** Our Company and the Selling Shareholders, in consultation with the BRLMs, may allocate up to 60% of the QIB Category to Anchor Investors at the Anchor Investor Offer Price, on a discretionary basis, subject to there being (i) a maximum of two Anchor Investors, where allocation in the Anchor Investor Portion is up to ₹100.00 million, (ii) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹100.00 million but up to ₹2,500.00 million, subject to a minimum Allotment of ₹50.00 million per Anchor Investor, and (iii) minimum of five and maximum of 25 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 2,500.00 million, subject to a minimum Allotment of ₹ 50.00 million per Anchor Investor. An Anchor Investor will make a minimum Bid of such number of Equity Shares, that the Bid Amount is at least ₹100.00 million. One-third of the Anchor Investor Portion will be reserved for domestic Mutual Funds, subject to valid Bids being received at or above Anchor Investor Offer Price.*

***This Offer is being made through the Book Building Process wherein 50% of the Offer will be available for allocation to QIBs on a proportionate basis, provided that the Anchor Investor Portion may be allocated on a discretionary basis. Further, not less than 15% of the Offer will be available for allocation on a proportionate basis to Non-Institutional Investors subject to valid Bids being received at or above the Offer Price. Further, not less than 35% of the Offer will be available for allocation to Retail Individual Investors in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Under-subscription, if any, in any category, except the QIB Category, would be met with spill-over from any other category or categories, as applicable, at the discretion of the Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange on a proportionate basis, subject to applicable laws.*

****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.*

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.

Withdrawal of the Offer

Our Company and/or the Selling Shareholders in consultation with the BRLMs, reserves the right not to 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, providing reasons for not proceeding with the Offer. The BRLMs, through the Registrar to the Offer, will instruct the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared and the Stock Exchanges will also be informed promptly.

If our Company and/or the Selling Shareholders withdraw the Offer after the Bid/Offer Closing Date and thereafter determine that they will proceed with a public offering of Equity Shares, they will file a fresh draft red herring prospectus 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 12 Working Days of the Bid Closing Date; and (ii) the final RoC approval of the Prospectus after it is filed with the Stock Exchanges.

Bid/Offer Period

BID/OFFER OPENS ON*	[●]
BID/OFFER CLOSES ON	
(FOR QIBS)	[●]
(FOR ALL OTHER BIDDERS)	[●]
FINALISATION OF BASIS OF ALLOTMENT	[●]
INITIATION OF REFUNDS	[●]
CREDIT OF EQUITY SHARES TO DEPOSITORY ACCOUNTS	[●]
COMMENCEMENT OF TRADING	[●]

** Our Company and the Selling Shareholders, in consultation with the BRLMs, may consider participation by Anchor Investors. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date.*

This timetable, other than Bid/Offer Opening and Closing Dates, 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 12 Working Days of the Bid/Offer Closing Date, the timetable may be subject to change for various reasons, including extension of the Bid/Offer Period by our Company and the Selling Shareholders due to revision of the Price Band or any delays in receipt of final listing and trading approvals from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges in accordance with applicable law.

Except in relation to Anchor Investors, Bids and any revision in Bids will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bid/Offer Period at the Bidding centres mentioned in the Bid cum Application Form, or in the case of ASBA Bidders, at the Designated Branches (a list of such branches is available at the website of the SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries) or with the members of the Syndicate at the Specified Locations or with the Registered Brokers at the Broker Centres (a list of such Broker Centres is available at the websites of the Stock Exchanges), as the case may be, except that on the Bid/Offer Closing Date (which for QIBs is a day prior to the Bid/Offer Closing Date for non-QIBs), Bids will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until (i) 4.00 p.m. (Indian Standard Time) by QIBs and Non-Institutional Investors; and (ii) 5.00 p.m. (Indian Standard Time) in case of Bids by Retail Individual Investors. On the Bid/Offer Closing Date, extension of time may be granted by the Stock Exchanges only for uploading Bids received from Retail Individual Investors after taking into account the total number of Bids received up to closure of timings for acceptance of Bid cum Application Forms as stated herein and reported by the BRLMs to the Stock Exchanges. Due to limitation of time available for uploading Bids on the Bid/Offer Closing Date, Bidders are advised to submit Bids one day prior to the Bid/Offer Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid/Offer Closing Date. If a large number of Bids are received on the Bid/Offer Closing Date, as is typically experienced in public issues, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded on the electronic bidding system will not be considered for allocation in the Offer. Our Company, the Selling Shareholders, the members of the Syndicate, the SCSBs and the Registered Brokers will not be responsible for any failure in uploading Bids due to faults in any hardware/software system or otherwise. Bids will be accepted only on Working Days.

Our Company and the Selling Shareholders in consultation with the BRLMs, reserves the right to revise the Price Band during the Bid/Offer Period, in accordance with the SEBI ICDR Regulations, provided that the Cap Price will be less than or equal to 120% of the Floor Price and the Floor Price will not be less than the face value of the Equity Shares. Subject to compliance with the foregoing, the Floor Price may move up or down to the extent of 20% of the Floor Price as disclosed and the Cap Price will be revised accordingly.

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

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 issued and Allotted in the Offer will be subject to the provisions of the Companies Act, the SEBI ICDR Regulations, the SCRR, the Memorandum of Association, the Articles of Association, the Equity Listing Agreements, 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 the issue and sale of capital 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.

Ranking of Equity Shares

The Equity Shares being issued and allotted in 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 389.

Mode of Payment of Dividend

Our Company will pay dividend, if declared, to our equity shareholders, as per the provisions of the Companies Act, the Equity Listing Agreements, 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. For more information, see "***Dividend Policy***" on page 169.

Face Value and Price Band

The face value of each Equity Share is ₹ 10. At any given point of time there will be only one denomination for the Equity Shares.

The Price Band, the minimum Bid lot will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs, and published by our Company at least five Working Days prior to the Bid/Offer Opening Date, in all editions of Business Standard, (a widely circulated English national newspaper), all editions of Business Standard (Hindi) (a widely circulated Hindi national newspaper) and in the Solapur edition of Tarun Bharat (a widely circulated Marathi newspaper, Marathi being the regional language of Maharashtra, where the Registered and Corporate Offices of our Company are 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.

Rights of the Equity Shareholder

Subject to applicable law, the equity shareholders will have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- 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 Equity Listing Agreements 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 389.

Market Lot and Trading Lot

In terms of Section 29 of the Companies Act, 2013, as amended, 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 electronic form in multiples of one Equity Share, subject to a minimum Allotment of [●] Equity Shares. For the method of Basis of Allotment, see "***Offer Procedure***" on page 343.

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, as amended, read with Companies (Share Capital and Debentures) Rules, 2014, as amended, 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, interests, 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	
(FOR QIBS)	[●]
(FOR ALL OTHER BIDDERS)	[●]
FINALIZATION OF BASIS OF ALLOTMENT	[●]
INITIATION OF REFUNDS	[●]
CREDIT OF EQUITY SHARES TO DEPOSITORY ACCOUNTS	[●]

COMMENCEMENT OF TRADING	[●]

** Our Company and the Selling Shareholders may consider participation by Anchor Investors. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date.*

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Fresh Issue, including through devolvement to the Underwriters, as applicable, our Company shall forthwith refund the entire subscription amount received no later than 15 days from the Bid/Offer Closing Date, failing which, the directors of our Company who are officers in default shall jointly and severally be liable to repay that money with interest at the rate of 15% per annum. Further in terms of Regulation 26(4) of the SEBI ICDR Regulations, our Company will ensure that the number of Bidders to whom the Equity Shares are Allotted in the Offer will be not less than 1,000.

The requirement for minimum subscription is not applicable to the Offer for Sale in accordance with the SEBI ICDR Regulations.

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 and Anchor Investor lock-in in the Offer, as detailed in *"**Capital Structure**"* on page 67 and as provided in our Articles as detailed in "***Main Provisions of the Articles of Association***" on page 389, there are no restrictions on transfers and transmission of shares/debentures 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 ("**General Information Document**") included below under section titled " – **Part B - General Information Document**", which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI ICDR Regulations. The General Information Document is also available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant portions of the General Information Document which are applicable to this Offer.*

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. Bidders are advised to make their independent investigations and ensure that their Bids do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and the Prospectus.

PART A

Book Building Procedure

The Offer is being made through the Book Building Process wherein 50% of the Offer will be available for allocation to QIBs on a proportionate basis, provided that our Company and the Selling Shareholders, in consultation with the BRLMs, may allocate up to 60% of the QIB Category to Anchor Investors at the Anchor Investor Offer Price, on a discretionary basis, of which at least one-third will be available for allocation to domestic Mutual Funds. Further, 5% of the QIB Category (excluding the Anchor Investor Portion) will be available for allocation on a proportionate basis to Mutual Funds only. The remainder will be available for allocation on a proportionate basis to all QIBs including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer will be available for allocation on a proportionate basis to Non-Institutional Investors subject to valid Bids being received at or above the Offer Price. Further, not less than 35% of the Offer will be available for allocation to Retail Individual Investors in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

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

Bid cum Application Form

There is a common Bid cum Application Form for ASBA Bidders as well as non-ASBA Bidders. Copies of the Bid cum Application Form will be available with the members of the Syndicate, the Registered Brokers at the Broker Centres, at our Registered Office and at our Corporate Office. The Bid cum Application Forms will also be available for download on the websites of the Stock Exchanges at least one day prior to the Bid/Offer Opening Date.

Retail Individual Investors may Bid through the ASBA process at their discretion. However, QIBs (excluding Anchor Investors) and Non Institutional 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.

ASBA Bidders must provide bank account details 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. In relation to non-ASBA Bidders, the bank account details shall be available from the depository account.

ASBA Bidders shall ensure that the Bids are submitted at the Bidding centres only on Bid cum Application Forms bearing the stamp of a member of the Syndicate or the Registered Broker or the SCSB, as the case may be, (except in case of electronic Bid-cum-Application Forms) and Bid cum Application Forms not bearing such specified stamp maybe liable for rejection.

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	[•]
Non-Residents including FPIs and Eligible NRIs, applying on a repatriation basis	[•]
Anchor Investors**	[•]

** Excluding electronic Bid cum Application Forms*
***Bid cum Application Forms for Anchor Investors will be made available at the office of the BRLMs.]*

Who can Bid?

In addition to the category of Bidders set forth under "- ***General Information Document for Investing in Public Issues - Category of Investors Eligible to Participate in an Offer***", the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines, including:

(i) Mutual Funds registered with SEBI. Bids by asset management companies or custodians of Mutual Funds should clearly indicate the name of the concerned scheme for which the Bid is submitted;
(ii) Venture Capital Funds and AIFs registered with SEBI;
(iii) Foreign Venture Capital Investors registered with SEBI;
(iv) FPI registered with SEBI, provided that any QFI or Foreign Institutional Investor ("**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;
(v) Public financial institutions as defined under Section 2(72) of the Companies Act, 2013;
(vi) Scheduled commercial banks;
(vii) State Industrial Development Corporations;
(viii) Scientific and/or industrial research organisations in India, authorised to invest in equity shares;
(ix) Insurance companies registered with IRDA;
(x) Provident funds and pension funds with a minimum corpus of ₹ 250 million and who are authorised under their constitutional documents to hold and invest in equity shares;
(xi) 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;
(xii) Insurance funds set up and managed by the army, navy or air force of the Union of India or by the Department of Posts, India;
(xiii) Multilateral and bilateral development financial institutions; and
(xiv) Any other person eligible to Bid in the Offer under applicable laws.

Participation by associates and affiliates of the BRLMs and the Syndicate Members

The BRLMs and the Syndicate Members shall not be allowed to purchase in the Issue in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and the Syndicate Members may purchase Equity Shares in the Issue, 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.

Except for Mutual Funds sponsored by entities related to the BRLMs, the BRLMs and any persons related to the BRLMs cannot apply in the Issue 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, the Company reserves the right to reject any Bid without assigning any reason therefor. 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

Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment.

Eligible NRIs bidding on repatriation basis may make payments by inward remittance in foreign exchange through normal banking channels or by debits to the Non-Resident External Account ("**NRE Account**") or Foreign Currency Non Resident (Bank) Account ("**FCNR Account**") maintained with authorised dealers registered with RBI under the Foreign Exchange Management (Foreign Currency Accounts) Regulations, 2000 ("**Authorised Dealer**"). Eligible NRIs bidding on repatriation basis are advised to use the Bid cum Application Form for Non-Residents ([●] in colour), accompanied by a bank certificate confirming that the payment has been made by debiting the NRE or FCNR Account, as the case may be.

Eligible NRIs bidding on non-repatriation basis may make payments by inward remittance in foreign exchange through normal banking channels or by debits to NRE/FCNR accounts as well as the Non-Resident Ordinary Rupee Account ("**NRO Account**"). Eligible NRIs bidding on non-repatriation basis are advised to use the Bid cum Application Form for Residents ([●] in colour).

Bids by FPI (including FIIs and QFIs)

In terms of the Securities and Exchange Board of India (Foreign Portfolio Investor) Regulations 2014 ("**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.

Any QFI or FII who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995. An FII or a sub-account may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in this Offer, until the expiry of its registration with SEBI as an FII or a sub-account, or if it has obtained a certificate of registration as an FPI, whichever is earlier. Further, a QFI may participate in this Offer until January 6, 2015 (or such date as may be specified by SEBI) or if it has obtained a certificate of registration as an FPI, whichever is earlier.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued by the designated depository participant under the FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason. An FII or sub-account may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in the Offer, until the expiry of its registration as a FII or sub-account, or until it obtains a certificate of registration as FPI, whichever is earlier. Further, in case of Bids made by SEBI-registered FIIs or sub-accounts, which are not registered as FPIs, a certified copy of the certificate of registration as an FII issued by SEBI is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason.

In accordance with foreign investment limits applicable to our Company, currently, the total foreign investment including FPI investment is permitted up to 100% of our total issued capital. Currently, total foreign investment including FPI investment is not permitted to exceed 24% of our total issued capital.

FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for Non-Residents ([●] in colour). FPIs are required to Bid through the ASBA process to participate in the Offer.

Bids by SEBI registered Venture Capital Funds, AIFs and Foreign Venture Capital Investors

The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 as amended, (the "**SEBI VCF Regulations**") and the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, as amended, among other things prescribe the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (the "**SEBI AIF Regulations**") prescribe, amongst others, the investment restrictions on AIFs.

Accordingly, the holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF. 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.

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 therefor.

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 (the "**Banking Regulation Act**"), and Master Circular – Para-banking Activities dated July 1, 2014 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 investment in a non-financial services company by a banking company together with its subsidiaries, associates, joint ventures, entities directly or indirectly controlled by the bank and mutual funds managed by asset management companies controlled by the banking company cannot exceed 20% of the investee company's paid-up share capital. 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 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.

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 all editions of Business Standard, (a widely circulated English national newspaper), all editions of Business Standard (Hindi) (a widely circulated Hindi national newspaper) and in the Solapur edition of Tarun Bharat (a widely circulated Marathi newspaper, Marathi being the regional language of Maharashtra), where the Registered and Corporate Offices of our Company are located.

Payment instructions

In terms of the RBI circular (No. DPSS.CO.CHD.No./133/04.07.05/2013-14) dated July 16, 2013, non-CTS cheques will be processed in three CTS centres once a week from November 1, 2014 onwards. In order to enable listing and trading of Equity Shares within 12 Working Days of the Bid/Offer Closing Date, investors are advised to use CTS cheques or use the ASBA facility to make payment. Investors are cautioned that Bid cum Application Forms accompanied by non-CTS cheques are liable to be rejected due to any delay in clearing beyond six Working Days from the Bid/Offer Closing Date.

Payment into Escrow Accounts for Bidders other than ASBA Bidders

The payment instruments for payment into the Escrow Accounts should be drawn in favor of:

(i) In case of Resident Retail Individual Investors: "[●]"

(ii) In case of Non-Resident Retail Individual Investors: "[●]"

Our Company and the Selling Shareholders in consultation with the BRLMs, in their absolute discretion, will decide the list of Anchor Investors to whom the 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. The payment instruments for payment into the Escrow Account(s) for Anchor Investors should be drawn in favor of:

(i) In case of resident Anchor Investors: "[●]"

(ii) In case of non-resident Anchor Investors: "[●]"

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) 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 12 Working Days of the Bid/Offer Closing Date;

(iii) That funds required for making refunds to unsuccessful Bidders as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;

(iv) That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 Working Days from the Bid/ Offer Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

(v) 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 on account of non-listing, under-subscription etc.;

(vi) That if our Company or the Selling Shareholders do not proceed with the Offer after the Bid/Offer

Closing Date, 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;

(vii) That if our Company and the Selling Shareholders 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;

(viii) That the certificates of the securities/refund orders to Eligible NRIs shall be dispatched within specified time;

(ix) That adequate arrangements shall be made to collect all Bid cum Application Forms in relation to ASBA and to consider them similar to non-ASBA applications while finalizing the basis of allotment; and

(x) That our Company shall not have recourse to the Net Proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

The Promoters 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.

Undertakings by the Selling Shareholders

(i) The Equity Shares offered pursuant to the Offer for Sale have been held by the Selling Shareholders for a period of at least one year prior to the date of this Draft Red Herring Prospectus, are free and clear of any liens or encumbrances and, 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 the DRHP and has been issued out of free reserves and share premium existing in the book as at March 31, 2014;

(ii) The Selling Shareholders are the legal and beneficial owners of and has full title to their respective Equity Shares being offered through the Offer for Sale;

(iii) The Selling Shareholders will not have recourse to the proceeds of the Offer for Sale, until approval for trading of the Equity Shares from all Stock Exchanges where listing is sought has been received;

(iv) The Selling Shareholders will not sell, transfer, dispose of in any manner or create any lien, charge or encumbrance on the Equity Shares available in the Offer for Sale; and

(v) The Selling Shareholders will take all such steps as may be required to ensure that the Equity Shares being sold by them in the Offer for Sale are available for transfer in the Offer for Sale.

Utilization of Net Proceeds

Our Board certifies that:

(i) details of all monies utilised out of the Fresh Issue referred to in sub item (i) shall be disclosed and continue to be disclosed until the time any part of the Net proceeds remains unutilised, under an appropriate separate head in the balance-sheet of the Issuer indicating the purpose for which such monies had been utilised; and

(ii) details of all unutilised monies out of the Fresh Issue referred to in sub-item (i) shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested.

Our Company and the Selling Shareholders, respectively, declare that all monies received from the Fresh Issue and the Offer for Sale shall be transferred to separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013.

THE REMAINDER OF THE PAGE HAS BEEN INTENTIONALLY LEFT BLANK

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 (to the extent notified and in effect), the Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon the notification of the Companies Act), the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. 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 Issue. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Issue, and should carefully read the Red Herring Prospectus/Prospectus before investing in the Issue.

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 Issues. 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, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the SEBI ICDR Regulations, 2009.

Bidders/Applicants should note that investment in equity and equity related securities involves risk and Bidder/Applicant should not invest any funds in the Issue 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 Issue and the relevant information about the Issuer undertaking the Issue 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 Issue. 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 Issue and on the website of 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, 2009. 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, 2009. 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, 2009, the Companies Act (to the extent notified and in effect), the Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon the notification of the Companies Act), 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, 2009, an Issuer can either determine the Issue Price through the Book Building Process ("**Book Built Issue**") or undertake a Fixed Price Issue ("**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-issue advertisement was given at least five Working Days before the Bid/Issue Opening Date, in case of an IPO and at least one Working Day before the Bid/Issue Opening Date, in case of an FPO.

The Floor Price or the Issue price cannot be lesser than the face value of the securities.

Bidders/Applicants should refer to the RHP/Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

2.5 ISSUE PERIOD

The Issue 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/Issue Period. Details of Bid/Issue Period are also available on the website of Stock Exchange(s).

In case of a Book Built Issue, the Issuer may close the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue 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/Issue Period may be extended by at least three Working Days, subject to the total Bid/Issue 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 Issue other than Book Build Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:

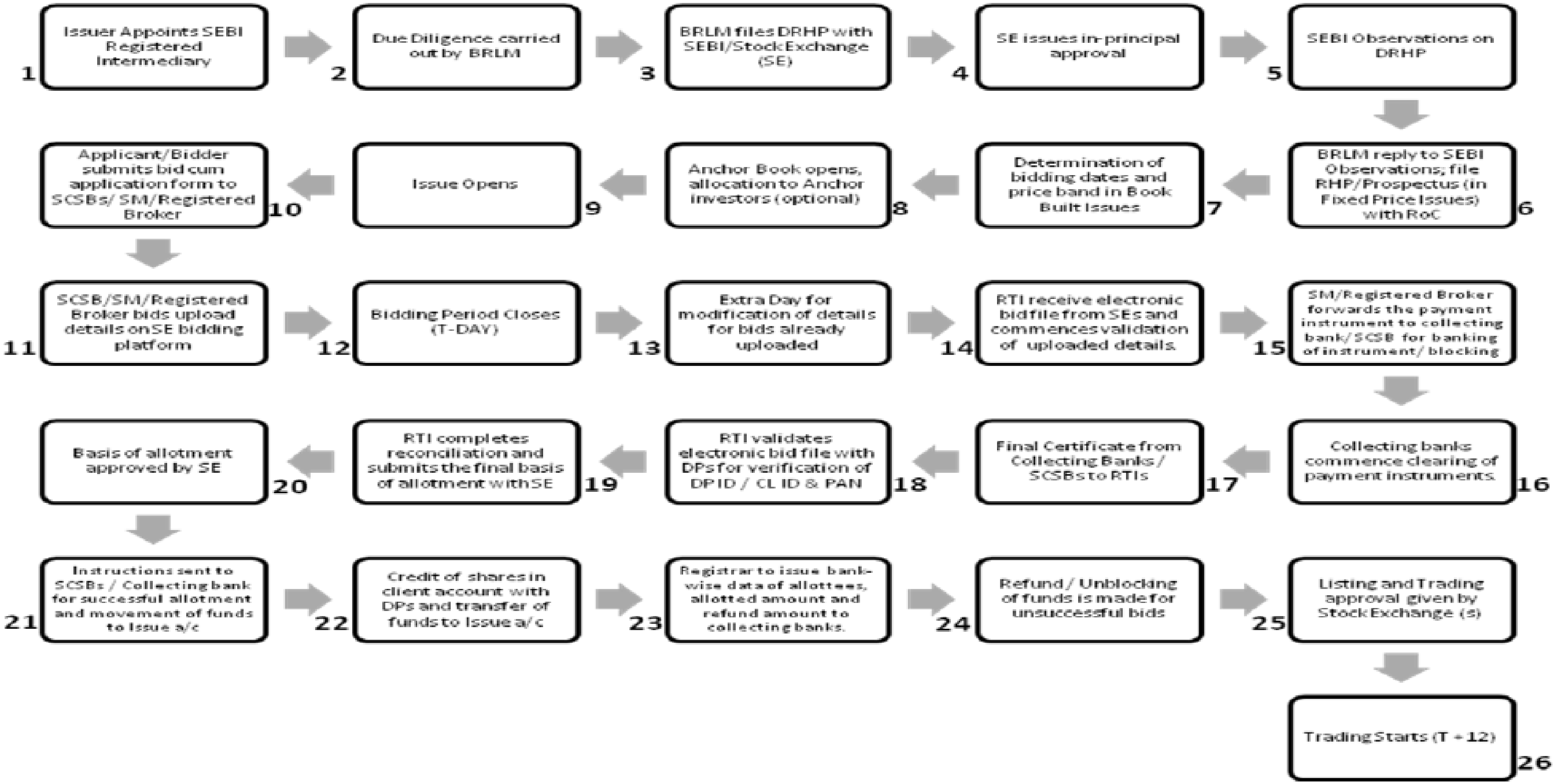
  i. Step 7 : Determination of Issue Date and Price

  ii. Step 10: Applicant submits ASBA Application Form with Designated Branch of SCSB and Non-ASBA forms directly to collection Bank and not to Broker.

  iii. Step 11: SCSB uploads ASBA Application details in Stock Exchange Platform

  iv. Step 12: Issue period closes

v. Step 15: Not Applicable


1 Issuer Appoints SEBI Registered Intermediary
2 Due Diligence carried out by BRLM
3 BRLM files DRHP with SEBI/Stock Exchange (SE)
4 SE issues in-principal approval
5 SEBI Observations on DRHP
6 BRLM reply to SEBI Observations; file RHP/Prospectus (in Fixed Price Issues) with RoC
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 SCSBs/ SM/Registered Broker
11 SCSB/SM/Registered Broker bids upload details on SE bidding platform
12 Bidding Period Closes (T-DAY)
13 Extra Day for modification of details for bids already uploaded
14 RTI receive electronic bid file from SEs and commences validation of uploaded details.
15 SM/Registered Broker forwards the payment instrument to collecting bank/SCSB for banking of instrument/ blocking
16 Collecting banks commence clearing of payment instruments
17 Final Certificate from Collecting Banks / SCSBs to RTIs
18 RTI validates electronic bid file with DPs for verification of DP ID / CL ID & PAN
19 RTI completes reconciliation and submits the final basis of allotment with SE
20 Basis of allotment approved by SE
21 Instructions sent to SCSBs / Collecting bank for successful allotment and movement of funds to Issue a/c
22 Credit of shares in client account with DPs and transfer of funds to Issue a/c
23 Registrar to issue bank-wise data of allottees, allotted amount and refund amount to collecting banks.
24 Refund / Unblocking of funds is made for unsuccessful bids
25 Listing and Trading approval given by Stock Exchange (s)
26 Trading Starts (T + 12)

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, QFIs and FVCIs may not be allowed to Bid/Apply in the Issue 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 invest in equity shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law;
- Qualified Foreign Investors subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations, 2009 and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, bidding under the QIBs category;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non Institutional Investors (NIIs) category;
- FPIs other than Category III FPIs bidding under the QIBs category;
- FPIs which are Category III FPIs, 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;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008; and
- 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.
- As per the existing regulations, OCBs are not allowed to participate in an Issue.

SECTION 4: APPLYING IN THE ISSUE

Book Built Issue: Bidders should only use the specified Bid cum Application Form either bearing the stamp of a member of the Syndicate or bearing a stamp of the Registered Broker or stamp of SCSBs as available or downloaded from the websites of the Stock Exchanges.

Bid cum Application Forms are available with the members of the Syndicate, Registered Brokers, Designated Branches of the SCSBs 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/Issue Opening Date. For further details regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/Prospectus.

Fixed Price Issue: Applicants should only use the specified cum Application Form either bearing the stamp of Collection Bank(s) or SCSBs as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Branches of Collection Banks or 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 color of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

Category	Color 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, QFIs, 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 compliance 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 FILING 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:

PRECISION

TEAR HERE

COMMON BID CUM APPLICATION FORM FOR ASBA / NON-ASBA

XYZ LIMITED - PUBLIC ISSUE - R

FOR RESIDENT INDIAN, QIB, ELIGIBLE NRI's APPLYING ON A NON-REPATRIATION BASIS

Logo

To,
The Board of Directors
XYZ Limited

BOOK BUILDING ISSUE
IN

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE	BROKER'S/AGENT'S STAMP & CODE
ESCROW BANK / SCSB BRANCH STAMP & CODE	SUB-BROKER'S/SUB-AGENT'S STAMP & CODE
BANK BRANCH SERIAL NO.	REGISTRAR'S / SCSB SERIAL NO.

1. NAME & CONTACT DETAILS of Sole / First Applicant

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST APPLICANT

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	Discount, if any	Net Price	"Cut-off" (Please tick)
	7 6 5 4 3 2 1	4 3 2 1	4 3 2 1	4 3 2 1	
Option 1					
(OR) Option 2					
(OR) Option 3					

5. Category

Retail Individual

Non-Institutional

QIB

6. Investor Status

- Individual(s) - IND
- Hindu Undivided Family* - HUF
- Bodies Corporate - CO
- Banks & Financial Institutions - FI
- Mutual Funds - MF
- Non-Resident Indians - NRI (Non-Repatriation basis)
- National Investment Fund - NIF
- Insurance Funds - IF
- Insurance Companies - IC
- Venture Capital Funds - VC
- Others (Please specify) - OTH

* HUF should apply only through Karta (Application by HUF would be treated on par with Individual)

7. PAYMENT DETAILS (Please tick (✓) any one of payment option A or B below)

PAYMENT OPTIONS Full Payment Part Payment

Amount Paid (₹ in figures) (₹ in words)

(A) CHEQUE/ DEMAND DRAFT (DD)

Cheque/DD No. Dated D D M M Y Y

Drawn on (Bank Name & Branch)

(B) 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 FORM 2A 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 APPLICANT

Date : ______________, 2011

8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS) (For ASBA option ONLY)

I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue

1)

2)

3)

BROKER'S / SCSB BRANCH'S STAMP (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

XYZ LIMITED

Acknowledgement Slip for Syndicate Member / SCSB

Bid cum Application Form No.

DPID / CLID

PAN

Amount Paid (₹ in figures)

Bank & Branch

Cheque / DD/ASBA Bank A/c No.

Stamp & Signature of Banker

Received from Mr./Ms.

Telephone / Mobile

Email

TEAR HERE

XYZ LIMITED

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

Cheque / DD/ASBA Bank A/c No.

Bank & Branch

Stamp & Signature of Syndicate Member / SCSB

Name of Sole / First Applicant

Acknowledgement Slip for Bidder

Bid cum Application Form No.

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

COMMON BID CUM APPLICATION FORM FOR ASBA / NON-ASBA

XYZ LIMITED - PUBLIC ISSUE - NR

FOR ELIGIBLE NRIs, FIIs, FVCI, ETC., APPLYING ON A REPATRIATION BASIS

Logo

To,
The Board of Directors
XYZ Limited

BOOK BUILDING ISSUE
INE523L01018

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE | BROKER'S/AGENT'S STAMP & CODE

ESCROW BANK / SCSB BRANCH STAMP & CODE | SUB-BROKER'S/SUB-AGENT'S STAMP & CODE

BANK BRANCH SERIAL NO. | REGISTRAR'S / SCSB SERIAL NO.

1. NAME & CONTACT DETAILS of Sole / First Applicant

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST APPLICANT

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

6. Investor Status

- NRI — Non-Resident Indian (Repatriation basis)
- FII — Foreign Institutional Investor
- FVCI — Foreign Venture Capital Investor
- FIISA — FII Sub Account Corporate / Individual
- OTH — Others (Please Specify)

4. BID OPTIONS (Only Retail Individual Bidders can Bid at "Cut-off")

5. Category: ☐ Retail Individual ☐ Non-Institutional ☐ QIB

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)			
	7 6 5 4 3 2 1	Bid Price 4 3 2 1	Discount, if any 4 3 2 1	Net Price 4 3 2 1	"Cut-off" (Please tick)
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

7. PAYMENT DETAILS (Please tick (✓) any one of payment option A or B below)

PAYMENT OPTIONS ☐ Full Payment ☐ Part Payment

Amount Paid (₹ in figures) (₹ in words)

☐ (A) CHEQUE/ DEMAND DRAFT (DD)

Cheque/DD No. Dated D D M M Y Y

Drawn on (Bank Name & Branch)

☐ (B) 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 FORM 2A 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 APPLICANT

Date : __________, 2011

8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS) (For ASBA option ONLY)

I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue

1)

2)

3)

BROKER'S / SCSB BRANCH'S STAMP (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

XYZ LIMITED

Acknowledgement Slip for Syndicate Member / SCSB

Bid cum Application Form No.

DPID / CLID

PAN

Amount Paid (₹ in figures) | Bank & Branch | Stamp & Signature of Banker

Cheque / DD/ASBA Bank A/c No.

Received from Mr./Ms.

Telephone / Mobile | Email

TEAR HERE

XYZ LIMITED

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

Cheque / DD/ASBA Bank A/c No.

Bank & Branch

Stamp & Signature of Syndicate Member / SCSB

Name of Sole / First Applicant

Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE — PLEASE FILL IN BLOCK LETTERS — TEAR HERE

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 refund orders and letters notifying the unblocking of the bank accounts of ASBA Bidders/Applicants) 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, the members of the Syndicate, the Registered Broker and the Registrar to the Issue only for correspondence(s) related to an Issue 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 payments may be made out in favor of the Bidder/Applicant whose name appears in the Bid cum Application Form/Application Form or the Revision Form and 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 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 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. 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 NUMBER 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 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 Issue, 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 giving refunds and allocation advice (including through physical refund warrants, direct credit, NECS, NEFT and RTGS), or unblocking of ASBA Account or for other correspondence(s) related to an Issue. Please note that refunds shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

(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/Issue Opening Date in case of an IPO, and at least one Working Day before Bid/Issue 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 Issue 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 BRLMs may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of Rs. 10,000 to Rs.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 Rs. 200,000.

In case the Bid Amount exceeds Rs. 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 Rs. 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 Rs. 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 their bids till closure of the bidding period or withdraw their bids until finalization of allotment. 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 Rs. 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 Rs.10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Portion 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/ Issue Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Issue Price is lower than the Issue Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Issue Price is lower than the Anchor Investor Issue Price, the amount in excess of the Issue Price paid by the Anchor Investors shall not be refunded to them.

(g) A Bid cannot be submitted for more than the Issue 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 Issue Price, the number of Equity Shares Bid for by a Bidder at or above the Issue 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 member of the Syndicate, SCSB or Registered Broker 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 Issue 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 Issue 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, 2009 for the purpose of Bidding, allocation and allotment in the Issue 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, 2009, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Issue 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, 2009. For details of any reservations made in the Issue, Bidders/Applicants may refer to the RHP/Prospectus.

(d) The SEBI ICDR Regulations, 2009, specify the allocation or allotment that may be made to various categories of Bidders in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue 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 Issue is in compliance with the investment restrictions under applicable law.

(b) Certain categories of Bidders/Applicants, such as NRIs, FIIs, FPIs, QFIs and FVCIs may not be allowed to Bid/Apply in the Issue 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) All Bidders are required to make payment of the full Bid Amount (net of any Discount, as applicable) along-with the Bid cum Application Form. If the Discount is applicable in the Issue, the RIIs should indicate the full Bid Amount in the Bid cum Application Form and the payment shall be made for 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) Bidders who Bid at Cut-off price shall deposit the Bid Amount based on the Cap Price.

(c) QIBs and NIIs can participate in the Issue only through the ASBA mechanism.

(d) RIIs and/or Reserved Categories bidding in their respective reservation portion can Bid, either through the ASBA mechanism or by paying the Bid Amount through a cheque or a demand draft ("**Non-ASBA Mechanism**").

(e) Bid Amount cannot be paid in cash, through money order or through postal order.

4.1.7.1 **Instructions for non-ASBA Bidders:**

(a) Non-ASBA Bidders may submit their Bids with a member of the Syndicate or any of the Registered Brokers of the Stock Exchange. The details of Broker Centres along with names and contact details of the Registered Brokers are provided on the websites of the Stock Exchanges.

(b) **For Bids made through a member of the Syndicate**: The Bidder may, with the submission of the Bid cum Application Form, draw a cheque or demand draft for the Bid Amount in favour of the Escrow Account as specified under the RHP/Prospectus and the Bid cum

Application Form and submit the same to the members of the Syndicate at Specified Locations.

(c) **For Bids made through a Registered Broker:** The Bidder may, with the submission of the Bid cum Application Form, draw a cheque or demand draft for the Bid Amount in favour of the Escrow Account as specified under the RHP/Prospectus and the Bid cum Application Form and submit the same to the Registered Broker.

(d) If the cheque or demand draft accompanying the Bid cum Application Form is not made favoring the Escrow Account, the Bid is liable to be rejected.

(e) Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Cheques/bank drafts drawn on banks not participating in the clearing process may not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.

(f) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Bidders until the Designated Date.

(g) Bidders are advised to provide the number of the Bid cum Application Form and PAN on the reverse of the cheque or bank draft to avoid any possible misuse of instruments submitted.

4.1.7.2 **Payment instructions for ASBA Bidders**

(a) ASBA Bidders may submit the Bid cum Application Form either

i. in physical mode to the Designated Branch of an SCSB where the Bidders/Applicants have ASBA Account, or

ii. 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

iii. in physical mode to a member of the Syndicate at the Specified Locations, or

iv. Registered Brokers of the Stock Exchange

(b) ASBA Bidders may specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by an ASBA Bidder 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, 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) **ASBA Bidders bidding through a member of the Syndicate** should ensure that the Bid cum Application Form is submitted to a member of the Syndicate only at the Specified locations. ASBA Bidders should also note that Bid cum Application Forms submitted to a member of the Syndicate at the Specified locations may not be accepted by the Member of the Syndicate 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 the members of the Syndicate to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries).

(g) **ASBA Bidders bidding through a Registered Broker** should note that Bid cum Application Forms submitted to the Registered Brokers may not be accepted by the Registered Broker, 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 the Registered Brokers to deposit Bid cum Application Forms.

(h) **ASBA 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 ASBA 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 Issue 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 Issue must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

4.1.7.2.1 **Unblocking of ASBA Account**

(a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue 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 Issue 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 Issue Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) 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 Issue, the SCSBs may transfer the requisite amount against each successful ASBA Bidder to the Public Issue 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 Issue may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within 12 Working Days of the Bid/Issue Closing Date.

4.1.7.3 **Additional Payment Instructions for NRIs**

The Non-Resident Indians who intend to make payment through NRO accounts shall use the form meant for Resident Indians (non-repatriation basis). In the case of Bids by NRIs applying on a repatriation basis, payment shall not be accepted out of NRO Account.

4.1.7.4 **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 Issue, Bidders may refer to the RHP/Prospectus.

(c) The Bidders entitled to the applicable Discount in the Issue may make payment for an amount i.e., the Bid Amount less Discount (if applicable).

Bidder may note that in case the net payment (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 ASBA Bidder/Applicant., then the Signature of the ASBA Account holder(s) is also required.

(c) In relation to the ASBA Bids/Applications, 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 duly signed and stamped by a member of the Syndicate, Registered Broker or SCSB, as applicable, for submission of the Bid cum Application Form.

(b) Applicants should ensure that they receive the acknowledgment duly signed and stamped by an Escrow Collection Bank or SCSB, as applicable, for submission of the Application Form.

(c) All communications in connection with Bids/Applications made in the Issue should be addressed as under:

i. In case of queries related to Allotment, non-receipt of Allotment Advice, credit of allotted equity shares, refund orders, the Bidders/Applicants should contact the Registrar to the Issue.

ii. In case of ASBA 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 Registered Broker, the Bidders/Applicants should contact the relevant Registered Broker

v. Bidder/Applicant may contact the Company Secretary and Compliance Officer or BRLM(s) in case of any other complaints in relation to the Issue.

(d) 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 member of the Syndicate, Registered Broker or the Designated Branch, as the case may be, where the Bid was submitted or

iii. In case of Non-ASBA bids cheque or draft number and the name of the issuing bank thereof

iv. In case of ASBA 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

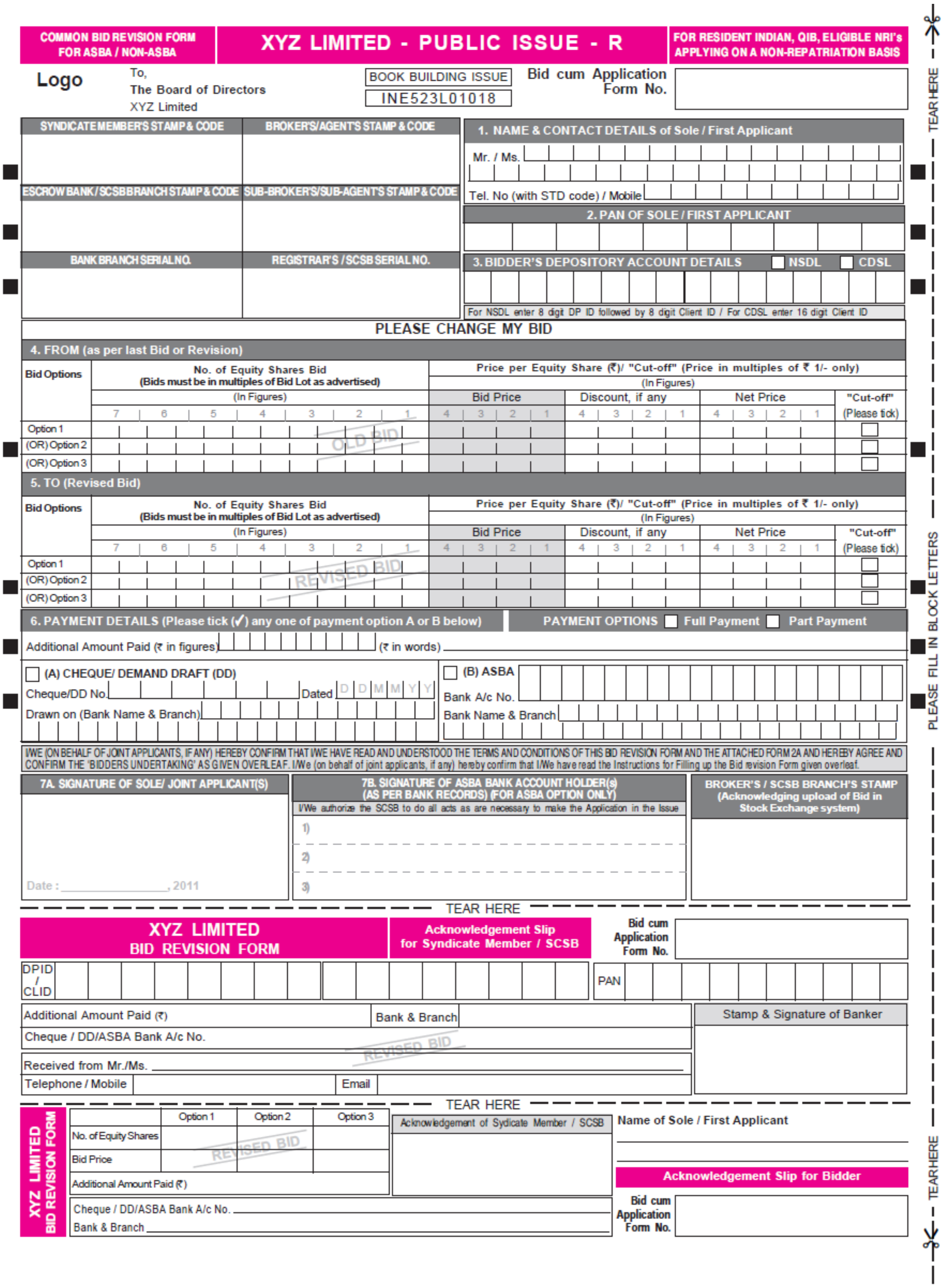
(a) During the Bid/Issue Period, any Bidder/Applicant (other than QIBs and NIIs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.

(b) RII may revise their bids till closure of the bidding period or withdraw their bids until finalization of allotment.

(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/ Issue Period. However, for any revision(s) in the Bid, the Bidders/Applicants will have to use the services of the same member of the Syndicate, the Registered Broker or the SCSB 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 FOR ASBA / NON-ASBA

XYZ LIMITED - PUBLIC ISSUE - R

FOR RESIDENT INDIAN, QIB, ELIGIBLE NRI's APPLYING ON A NON-REPATRIATION BASIS

Logo

To,
The Board of Directors
XYZ Limited

BOOK BUILDING ISSUE
INE523L01018

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE | BROKER'S/AGENT'S STAMP & CODE

ESCROW BANK/SCSB BRANCH STAMP & CODE | SUB-BROKER'S/SUB-AGENT'S STAMP & CODE

BANK BRANCH SERIAL NO. | REGISTRAR'S / SCSB SERIAL NO.

1. NAME & CONTACT DETAILS of Sole / First Applicant

Mr. / Ms.

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST APPLICANT

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)	Bid Price	Discount, if any	Net Price	"Cut-off" (Please tick)
Option 1					
(OR) Option 2	OLD BID				
(OR) Option 3					

Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)

5. TO (Revised Bid)

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)	Bid Price	Discount, if any	Net Price	"Cut-off" (Please tick)
Option 1					
(OR) Option 2	REVISED BID				
(OR) Option 3					

Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)

6. PAYMENT DETAILS (Please tick (✓) any one of payment option A or B below) PAYMENT OPTIONS Full Payment Part Payment

Additional Amount Paid (₹ in figures) (₹ in words)

(A) CHEQUE/ DEMAND DRAFT (DD)
Cheque/DD No. Dated D D M M Y Y
Drawn on (Bank Name & Branch)

(B) 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 FORM 2A 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/ JOINT APPLICANT(S)
Date : __________, 2011

7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS) (FOR ASBA OPTION ONLY)
I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue
1)
2)
3)

BROKER'S / SCSB BRANCH'S STAMP (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

XYZ LIMITED
BID REVISION FORM

Acknowledgement Slip for Syndicate Member / SCSB

Bid cum Application Form No.

DPID / CLID

PAN

Additional Amount Paid (₹) | Bank & Branch

Stamp & Signature of Banker

Cheque / DD/ASBA Bank A/c No.

REVISED BID

Received from Mr./Ms.

Telephone / Mobile | Email

TEAR HERE

XYZ LIMITED BID REVISION FORM

	Option 1	Option 2	Option 3
No. of Equity Shares		REVISED BID	
Bid Price			
Additional Amount Paid (₹)			

Cheque / DD/ASBA Bank A/c No.
Bank & Branch

Acknowledgement of Sydicate Member / SCSB

Name of Sole / First Applicant

Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

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 members of the Syndicate, the Registered Brokers and the Designated Branches of the SCSBs 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, Employees and Retail Individual Shareholders, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed Rs. 200,000. In case the Bid Amount exceeds Rs. 200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIIs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.

(d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 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 Issue 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 may be unblocked in case of ASBA Bidders or refunded from the Escrow Account in case of non-ASBA Bidder.

4.2.3 **FIELD 6: PAYMENT DETAILS**

(a) With respect to the Bids, other than Bids submitted by ASBA Bidders/Applicants, any revision of the Bid should be accompanied by payment in the form of cheque or demand draft for the amount, if any, to be paid on account of the upward revision of the Bid.

(b) All Bidders/Applicants are required to make payment of the full Bid Amount (less Discount (if applicable) along with 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.

(c) In case of Bids submitted by ASBA Bidder/Applicant, Bidder/Applicant may Issue 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 member of the Syndicate/Registered Broker or the same Designated Branch (as the case may be) through whom such Bidder/Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.

(d) In case of Bids, other than ASBA Bids, Bidder/Applicant, may make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 200,000 if the Bidder/Applicant wants to continue to Bid at the Cut-off Price), with the members of the Syndicate / Registered Broker to whom the original Bid was submitted.

(e) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds Rs. 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 Issue 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 payment is required from the Bidder/Applicant and the Bidder/Applicant is deemed to have approved such revised Bid at the Cut-off Price.

(f) 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 in case of ASBA Bidders/Applicants or refunded from the Escrow Account in case of non-ASBA Bidder/Applicant.

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 Issue (LM) may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of Rs. 10,000 to Rs.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 Rs. 200,000.

(d) Applications by other investors must be for such minimum number of shares such that the application amount exceeds Rs. 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 Issue 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 to Collection Bank(s) or 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 Issue to detect multiple applications:

i. All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple applications by a Bidder/Applicant and may be rejected.

ii. For applications from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.

(i) The following applications may not be treated as multiple Bids:

i. Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Net Issue portion in public category.

ii. Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.

iii. Applications by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

4.3.3 FIELD NUMBER 5 : CATEGORY OF APPLICANTS

(a) The categories of applicants identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and allotment in the Issue 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, 2009. For details of any reservations made in the Issue, applicants may refer to the Prospectus.

(c) The SEBI ICDR Regulations, 2009 specify the allocation or allotment that may be made to various categories of applicants in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue 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 are required to make payment of the full Amount (net of any Discount, as applicable) along-with the Application Form. If the Discount is applicable in the Issue, the RIIs should indicate the full Amount in the Application Form and the payment shall be made for an Amount net of Discount. Only in cases where the Prospectus indicates that part payment may be made, such an option can be exercised by the Applicant.

(b) RIIs and/or Reserved Categories bidding in their respective reservation portion can Bid, either through the ASBA mechanism or Non-ASBA Mechanism.

(c) Application Amount cannot be paid in cash, through money order or through postal order or through stock invest.

4.3.5.1 **Instructions for non-ASBA Applicants:**

(a) Non-ASBA Applicants may submit their Application Form with the Collection Bank(s).

(b) For Applications made through a Collection Bank(s): The Applicant may, with the submission of the Application Form, draw a cheque or demand draft for the Bid Amount in favor of the Escrow Account as specified under the Prospectus and the Application Form and submit the same to the escrow Collection Bank(s).

(c) If the cheque or demand draft accompanying the Application Form is not made favoring the Escrow Account, the form is liable to be rejected.

(d) Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Application Form is submitted. Cheques/bank drafts drawn on banks not participating in the clearing process may not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.

(e) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Applicants until the Designated Date.

(f) Applicants are advised to provide the number of the Application Form and PAN on the reverse of the cheque or bank draft to avoid any possible misuse of instruments submitted.

4.3.5.2 **Payment instructions for ASBA Applicants**

(a) ASBA Applicants may submit the Application Form in physical mode to the Designated Branch of an SCSB where the Applicants have ASBA Account.

(b) ASBA Applicants may specify the Bank Account number 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, may 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) ASBA 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 ASBA 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 Issue 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 Issue must apply through an ASBA Account maintained with any other SCSB; else their Applications are liable to be rejected.

4.3.5.3 **Unblocking of ASBA Account**

(a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue 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 Issue 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 Issue Account, for each Application, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected ASBA 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 Issue, the SCSBs may transfer the requisite amount against each successful ASBA Application to the Public Issue 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 Issue may give instructions to the SCSB to unblock the Application Amount in the relevant ASBA Account within 12 Working Days of the Issue Closing Date.

4.3.5.4 **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 Issue 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
Non-ASBA Application	1) To members of the Syndicate at the Specified Locations mentioned in the Bid cum Application Form 2) To Registered Brokers

Mode of Application	Submission of Bid cum Application Form
ASBA Application	(a) To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres (b) To the Designated branches of the SCSBs where the ASBA Account is maintained

(a) Bidders/Applicants should not submit the bid cum application forms/ Revision Form directly to the escrow collection banks. Bid cum Application Form/ Revision Form submitted to the escrow collection banks are liable for rejection.

(b) Bidders/Applicants should submit the Revision Form to the same member of the Syndicate, the Registered Broker or the SCSB through which such Bidder/Applicant had placed the original Bid.

(c) 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.

(d) Upon determination of the Issue Price and filing of the Prospectus with the RoC, the Bid-cum-Application Form will be considered as the application form.

SECTION 5: ISSUE PROCEDURE IN BOOK BUILT ISSUE

Book Building, in the context of the Issue, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Issue Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations, 2009. The Issue Price is finalised after the Bid/Issue Closing Date. Valid Bids received at or above the Issue 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/Issue Period, ASBA Bidders/Applicants may approach the members of the Syndicate at the Specified Cities or any of the Registered Brokers or the Designated Branches to register their Bids. Non-ASBA Bidders/Applicants who are interested in subscribing for the Equity Shares should approach the members of the Syndicate or any of the Registered Brokers, to register their Bid.

(b) Non-ASBA Bidders/Applicants (RIIs, Employees and Retail Individual Shareholders) bidding at Cut-off Price may submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount less discount (if applicable) based on the Cap Price with the members of the Syndicate/ any of the Registered Brokers to register their Bid.

(c) In case of ASBA Bidders/Applicants (excluding NIIs and QIBs) bidding at Cut-off Price, the ASBA Bidders/Applicants may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable). ASBA Bidders/Applicants may approach the members of the Syndicate or any of the Registered Brokers or the Designated Branches to register their Bids.

(d) 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 Syndicate, the Registered Brokers and the SCSBs may register the Bids using the on-line facilities of the Stock Exchanges. The Syndicate, the Registered Brokers and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.

(b) On the Bid/Issue Closing Date, the Syndicate, the Registered Broker and the Designated Branches of the SCSBs 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 members of the Syndicate, the Registered Brokers and the SCSBs are given up to one day after the Bid/Issue Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Issue Period after which the Stock Exchange(s) send the bid information to the Registrar for validation of the electronic bid details with the Depository's records.

5.3 BUILD UP OF THE BOOK

(a) Bids received from various Bidders/Applicants through the Syndicate, Registered Brokers and the SCSBs 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 BRLMs at the end of the Bid/Issue 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/Issue Period.

5.4 WITHDRAWAL OF BIDS

(a) RIIs can withdraw their Bids until finalization of Basis of Allotment. In case a RII applying through the ASBA process wishes to withdraw the Bid during the Bid/Issue Period, the same can be done by submitting a request for the same to the concerned SCSB or the Syndicate Member or the Registered Broker, as applicable, who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.

(b) In case a RII wishes to withdraw the Bid after the Bid/Issue Period, the same can be done by submitting a withdrawal request to the Registrar to the Issue until finalization of Basis of Allotment. The Registrar to the Issue shall give instruction to the SCSB for unblocking the ASBA Account on the Designated Date. 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 members of the Syndicate, the Registered Broker and/or SCSBs are individually responsible for the acts, mistakes or errors or omission in relation to

i. the Bids accepted by the members of the Syndicate, the Registered Broker and the SCSBs,

ii. the Bids uploaded by the members of the Syndicate, the Registered Broker and the SCSBs,

iii. the Bid cum application forms accepted but not uploaded by the members of the Syndicate, the Registered Broker and the SCSBs, or

iv. With respect to Bids by ASBA Bidders/Applicants, Bids accepted and uploaded by SCSBs without blocking funds in the ASBA Accounts. It may be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant Account.

(b) The BRLMs 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) BRLMs 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 the (i) authorised agents of the BRLMs, (ii) Registered Brokers, or (iii) SCSBs, or (iv) Collection Bank(s), 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 by OCBs; and

(c) 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;

(d) 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;

(e) Bids/Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

(f) Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;

(g) DP ID and Client ID not mentioned in the Bid cum Application Form/Application Form;

(h) 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;

(i) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;

(j) Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;

(k) Bids/Applications at a price less than the Floor Price & Bids/Applications at a price more than the Cap Price;

(l) Bids/Applications at Cut-off Price by NIIs and QIBs;

(m) Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. With respect to Bids/Applications by ASBA Bidders, 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;

(n) Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;

(o) In relation to ASBA Bids/Applications, submission of more than five Bid cum Application Forms/Application Form as per ASBA Account;

(p) Bids/Applications for a Bid/Application Amount of more than Rs. 200,000 by RIIs by applying through non-ASBA process;

(q) Bids/Applications for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the RHP;

(r) Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;

(s) 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/Issue Opening Date advertisement and as per the instructions in the RHP and the Bid cum Application Forms;

(t) With respect to ASBA Bids/Applications, 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;

(u) Bids/Applications where sufficient funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;

(v) With respect to ASBA Bids/Applications, where no confirmation is received from SCSB for blocking of funds;

(w) Bids/Applications by QIBs (other than Anchor Investors) and Non Institutional Bidders not submitted through ASBA process or Bids/Applications by QIBs (other than Anchor Investors) and Non Institutional Bidders accompanied with cheque(s) or demand draft(s);

(x) ASBA Bids/Applications submitted to a BRLM at locations other than the Specified Cities and Bid cum Application Forms/Application Forms, under the ASBA process, submitted to the Escrow Collecting Banks (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the issuer or the Registrar to the Issue;

(y) Bids/Applications not uploaded on the terminals of the Stock Exchanges;

(z) 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, 2009 specify the allocation or Allotment that may be made to various categories of Bidders/Applicants in an Issue depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Issue 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 Retail 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 BRLMs and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations, 2009. 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 Rs. 20 to Rs. 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 (Rs.)	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 Issue the desired number of Equity Shares is the price at which the book cuts off, i.e.,Rs. 22.00 in the above example. The Issuer, in consultation with the BRLMs, may finalise the Issue Price at or below such Cut-Off Price, i.e., at or below Rs. 22.00. All Bids at or above this Issue 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/Issue 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: ISSUE PROCEDURE IN FIXED PRICE ISSUE

Applicants may note that there is no Bid cum Application Form in a Fixed Price Issue. As the Issue 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 Syndicate Members/SCSB and/or Bankers to the Issue or Registered Broker.

ASBA Applicants may submit an Application Form either in physical form to the Syndicate Members or Registered Brokers or the Designated Branches of the SCSBs 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/Issue 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 is 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 Issue (excluding any Offer for Sale of specified securities). However, in case the Issue 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 Issue 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 Issue 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 Issue 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:

(c) In the event the number of RIIs who have submitted valid Bids in the Issue 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).

(d) In the event the number of RIIs who have submitted valid Bids in the Issue 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 Issue 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 Issue Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Issue 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 Issue 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, 2009 or RHP / Prospectus. Bids received from QIBs bidding in the QIB Category (net of Anchor Portion) at or above the Issue 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 Issue 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 Issue 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 Issue 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 Issue Price will be at the discretion of the issuer subject to compliance with the following requirements:

i. not more than 60% of the QIB Portion 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 Rs.10 crores;
- a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than Rs.10 crores and up to Rs.250 crores subject to minimum allotment of Rs.5 crores per such Anchor Investor; and
- a minimum number of five Anchor Investors and maximum number of 25 Anchor Investors for allocation of more than Rs.250 crores subject to minimum allotment of Rs.5 crores per such Anchor Investor.

(b) A physical book is prepared by the Registrar on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the issuer in consultation with the BRLMs, selected Anchor Investors will be sent a CAN and if required, a revised CAN.

(c) **In the event that the Issue Price is higher than the Anchor Investor Issue 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 Issue Price and the Anchor Investor Issue 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 Issue Price is lower than the Anchor Investor Issue 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 Issue 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, 2009.

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 Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the RHP.

(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 Issue.**

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 Issue.

(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 12 Working Days of the Bid/ Issue Closing Date. The Issuer also ensures the credit of shares to the successful Applicant's depository account is completed within two Working Days from the date of Allotment, after the funds are transferred from the Escrow Account to the Public Issue Account on the Designated 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 12 Working Days of the Bid/Issue Closing Date. The Registrar to the Issue may give instructions for credit to Equity Shares the beneficiary account with DPs, and dispatch the Allotment Advice within 12 Working Days of the Bid/Issue 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, the Issuer may be punishable with a fine which shall not be less than Rs.5 lakhs but which may extend to Rs.50 lakhs and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than Rs.50,000 but which may extend to Rs.3 lakhs, or with both.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith repay, without interest, all moneys received from the Bidders/Applicants in pursuance of the RHP/Prospectus.

If such money is not repaid 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 SUBSCRIPTION

If the Issuer does not receive a minimum subscription of 90% of the Net Issue (excluding any offer for sale of specified securities), including devolvement to the Underwriters, within 60 days from the Bid/Issue Closing Date, the Issuer may forthwith, without interest refund the entire subscription amount received. In case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

If there is a delay beyond the prescribed time, then the Issuer and every director of the Issuer who is an officer in default may be liable to repay the money, with interest at the rate of 15% per annum.

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, 2009 comes for an Issue under Regulation 26(2) of SEBI (ICDR) Regulations, 2009 but fails to allot at least 75% of the Net Issue to QIBs, in such case full subscription money is to be refunded.

8.3 MODE OF REFUND

(a) **In case of ASBA Bids/Applications:** Within 12 Working Days of the Bid/Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Bid/Application and also for any excess amount blocked on Bidding/Application.

(b) **In case of Non-ASBA Bid/Applications:** Within 12 Working Days of the Bid/Issue Closing Date, the Registrar to the Issue may dispatch the refund orders for all amounts payable to unsuccessful Bidders/Applicants and also for any excess amount paid on Bidding/Application, after adjusting for allocation/ allotment to Bidders/Applicants.

(c) In case of non-ASBA Bidders/Applicants, the Registrar to the Issue may obtain from the depositories the Bidders/Applicants' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Bidders/Applicants in their Bid cum Application Forms for refunds. Accordingly, Bidders/Applicants are advised to immediately update their details as appearing on the records of their DPs. 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 Bidders/Applicants' sole risk and neither the Issuer, the Registrar to the Issue, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Bidders/Applicants 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.

(d) In the case of Bids from Eligible NRIs, FIIs and FPIs, refunds, if any, may generally be payable in Indian Rupees only and net of bank charges and/or commission. If so desired, such payments in Indian Rupees may be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and may be dispatched by registered post. The Issuer may not be responsible for loss, if any, incurred by the Bidder/Applicant on account of conversion of foreign currency.

8.3.1 Mode of making refunds for Bidders/Applicants other than ASBA Bidders/Applicants

The payment of refund, if any, may be done through various modes as mentioned below:

(a) **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;

(b) **NEFT**—Payment of refund may be undertaken through NEFT wherever the branch of the Bidders/Applicants' 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 Code 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 Bidders/Applicants 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 Code of that particular bank branch and the payment of refund may be made to the Bidders/Applicants 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;

(c) **Direct Credit**—Bidders/Applicants having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account;

(d) **RTGS**—Bidders/Applicants having a bank account at any of the centers notified by SEBI where clearing houses are managed by the RBI, may have the option to receive refunds, if any, through RTGS; and

(e) For all the other Bidders/Applicants, including Bidders/Applicants who have not updated their bank particulars along with the nine-digit MICR code, the refund orders may be dispatched through speed post or registered post for refund orders. Such refunds may be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where Bids are received.

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.

8.3.2 Mode of making refunds for ASBA Bidders/Applicants

In case of ASBA Bidders/Applicants, the Registrar to the Issue may instruct the controlling branch of the SCSB to unblock the funds in the relevant ASBA Account for any withdrawn, rejected or unsuccessful ASBA Bids or in the event of withdrawal or failure of the Issue.

8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% per annum if refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to Bidders/Applicants or instructions for unblocking of funds in the ASBA Account are not dispatched within the 12 Working days of the Bid/Issue Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 15 days from the Bid/ Issue 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.

Term	Description
Allotment/ Allot/ Allotted	The allotment of Equity Shares pursuant to the Issue to successful Bidders/Applicants
Allottee	An Bidder/Applicant to whom the Equity Shares are Allotted
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
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI ICDR Regulations, 2009.
Anchor Investor Portion	Up to 60% of the QIB Category which may be allocated by the Issuer in consultation with the BRLMs, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors
Application Form	The form in terms of which the Applicant should make an application for Allotment in case of issues other than Book Built Issues, includes Fixed Price Issue
Application Supported by Blocked Amount/ (ASBA)/ASBA	An application, whether physical or electronic, used by Bidders/Applicants to make a Bid authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB

Term	Description
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder/Applicant
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidder/Applicant	Prospective Bidders/Applicants in the Issue who Bid/apply through ASBA
Banker(s) to the Issue/ Escrow Collection Bank(s)/ Collecting Banker	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account(s) 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/Issue Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/Issue Period 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 /Issue Closing Date	The date after which the Syndicate, Registered Brokers and the SCSBs may not accept any Bids for the Issue, 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/ Issue Closing Date
Bid/Issue Opening Date	The date on which the Syndicate and the SCSBs 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/ Issue Opening Date
Bid/Issue Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/Issue Opening Date and the Bid/Issue 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/ Issue Period for QIBs one working day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations, 2009. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Issue Period
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 cum Application Form	The form in terms of which the Bidder/Applicant should make an offer to subscribe for or purchase the Equity Shares and which may be considered as the application for Allotment for the purposes of the Prospectus, whether applying through the ASBA or otherwise. In case of issues undertaken through the fixed price process, all references to the Bid cum Application Form should be construed to mean the Application Form
Bidder/Applicant	Any prospective investor (including an ASBA Bidder/Applicant) who makes a Bid 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 the SEBI ICDR Regulations, 2009, in terms of which the Issue is being made
Broker Centres	Broker centres notified by the Stock Exchanges, where Bidders/Applicants can submit the Bid cum Application Forms/Application Form 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 Issue 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 Friday (except 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 Issue Price and the Anchor Investor Issue Price may not be finalised and above which no Bids may be accepted

Term	Description
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Cut-off Price	Issue 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 the ASBA Bidders/Applicants applying through the ASBA and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
Designated Date	The date on which funds are transferred by the Escrow Collection Bank(s) from the Escrow Account or the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue 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 Stock Exchange	The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer
Discount	Discount to the Issue Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations, 2009.
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 the SEBI ICDR Regulations, 2009 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 promoter. For further details Bidder/Applicant may refer to the RHP/Prospectus
Equity Shares	Equity shares of the Issuer
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidders/Applicants (excluding the ASBA Bidders/Applicants) may Issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into among the Issuer, the Registrar to the Issue, the Book Running Lead Manager(s), the Syndicate Member(s), the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts and where applicable, remitting refunds of the amounts collected to the Bidders/Applicants (excluding the ASBA Bidders/Applicants) on the terms and conditions thereof
Escrow Collection Bank(s)	Refer to definition of Banker(s) to the Issue
FCNR Account	Foreign Currency Non-Resident Account
First Bidder/Applicant	The Bidder/Applicant whose name appears first in the Bid cum Application Form or Revision Form
FII(s)	Foreign Institutional Investors as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI under applicable laws in India
Fixed Price Issue/Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under the SEBI ICDR Regulations, 2009, in terms of which the Issue is being made
Floor Price	The lower end of the Price Band, at or above which the Issue Price and the Anchor Investor Issue Price may be finalised and below which no Bids may be accepted, subject to any revision thereto
FPIs	Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Issue	Public Issue of Equity Shares of the Issuer including the Offer for Sale if applicable
Issuer/ Company	The Issuer proposing the initial public offering/further public offering as applicable

Term	Description
Issue Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted in terms of the Prospectus. The Issue Price may be decided by the Issuer in consultation with the Book Running Lead Manager(s)
Maximum RII Allottees	The maximum number of RIIs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/Prospectus and Bid cum Application Form
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 Issue 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 Issue	The Issue less reservation portion
Non-Institutional Investors or NIIs	All Bidders/Applicants, including sub accounts of FIIs registered with SEBI which are foreign corporate 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 Rs.200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Category	The portion of the Issue being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the RHP/Prospectus and the Bid cum Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FIIs, FPIs, QFIs and FVCIs
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 for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the Selling Shareholders
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 Issue 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/ Issue 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 Issue Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act, 1956 after the Pricing Date, containing the Issue Price, the size of the Issue and certain other information
Public Issue Account	An account opened with the Banker to the Issue to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date

Term	Description
Qualified Foreign Investors or QFIs	Non-Resident investors, other than SEBI registered FIIs or sub-accounts or SEBI registered FVCIs, who meet 'know your client' requirements prescribed by SEBI and are resident in a country which is (i) a member of Financial Action Task Force or a member of a group which is a member of Financial Action Task Force; and (ii) a signatory to the International Organisation of Securities Commission's Multilateral Memorandum of Understanding or a signatory of a bilateral memorandum of understanding with SEBI. Provided that such non-resident investor shall not be resident in country which is listed in the public statements issued by Financial Action Task Force from time to time on: (i) jurisdictions having a strategic anti-money laundering/combating the financing of terrorism deficiencies to which counter measures apply; (ii) jurisdictions that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the Financial Action Task Force to address the deficiencies
QIB Category	The portion of the Issue being such number of Equity Shares to be Allotted to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	As defined under the SEBI ICDR Regulations, 2009
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/Issue 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 (excluding refunds to ASBA Bidders/Applicants), if any, of the whole or part of the Bid Amount may be made
Refund Bank(s)	Refund bank(s) as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Refunds through electronic transfer of funds	Refunds through NECS, 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 Issue/RTI	The Registrar to the Issue 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 Issue reserved for category of eligible Bidders/Applicants as provided under the SEBI ICDR Regulations, 2009
Retail Individual Investors / RIIs	Investors who applies or bids for a value of not more than Rs.200,000.
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than Rs.200,000.
Retail Category	The portion of the Issue 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 indicates 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, 2009	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Self Certified Syndicate Bank(s) or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
Specified Locations	Refer to definition of Broker Centers
Stock Exchanges/ SE	The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Issue 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 the Bids in this Issue (excluding Bids from ASBA Bidders/Applicants)

Term	Description
Syndicate Member(s)/SM	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	All days other than a Sunday or a public holiday on which commercial banks are open for business, except with reference to announcement of Price Band and Bid/Issue Period, where working day shall mean all days, excluding Saturdays, Sundays and public holidays, which are working days for commercial banks in India

SECTION VIII – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

1. Provisions contained in "Table F" of the First Schedule of the Act shall apply to the Company and in case of conflict between Table F and the Articles, the provisions of the Articles shall prevail and shall constitute the regulations of the Company.

2. **Definitions and Interpretations**

(a) Unless otherwise specified, the words or expressions contained in these Articles shall bear the same meaning as in the Act (defined hereinafter) at the time at which these Articles become binding on the Company.

(i) The **"Act"** or the **"said Act"** means the Companies Act, 2013, as amended, (for the time being in force) and Companies Act, 1956 to the extent the provisions have not been superseded by the Companies Act, 2013;

(ii) **"Affiliate"** means with respect to any Person, any Person directly or indirectly Controlling, Controlled by or under common Control with that Person;

(iii) "**Applicable Law**" means all applicable statutes, enactments, laws, ordinances, judgment, orders, directives, rules and regulations, by-laws, notifications, guidelines and policies of any Authority, including but not limited to, any license, permit or other governmental Authorization, in each case as in effect from time to time;

(iv) **"Article"** or **"Articles"** means these Articles of Association, as originally framed or as amended from time to time in accordance with the provisions of the Act;

(v) **"Authorisation"** means any consent, registration, filing, agreement, notarization, certificate, license, approval, permit, authority or exemption from, by or with any Authority, whether given by express action or deemed given by failure to act within any specified time period and all corporate, creditors' and shareholders' approvals or consents;

(vi) "**Authority**" means any national, supranational, regional or local government or governmental, administrative, fiscal, judicial, or government-owned body, department, commission, authority, tribunal, agency or entity, or central bank including a recognized stock exchange (or any Person, whether or not government owned and howsoever constituted or called, that exercises the functions of a central bank, including the Reserve Bank of India);

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*The replaced Articles approved and adopted as the Articles of Association of the Company by Special Resolution passed in the EGM held on 30th December, 2014

(vii) "**Beneficial Owner(s)**" shall mean the beneficial owner(s) as defined in clause (a) of Sub-Section (1) of Section 2 of the Depositories Act, 1996, or any statutory modification or re-enactment thereof;

(viii) **"Board of Directors"** or the **"Board"** means the Board of Directors for the time being of the Company;

(ix) **"CEO" or "Chief Executive Officer"** shall have the meaning given to it in 99.

(x) **"Chairman"** means the Chairman of the Board of Directors of the Company appointed from time to time.

(xi) **"Company"** means Precision Camshafts Limited a public limited company incorporated under the Act and having its registered office at E-102/103, MIDC. Akkalkot Road, Solapur – 413 006, which expression shall, unless it be repugnant to the context hereof, be deemed to include its successors in business);

(xii) **"Company Offering"** means a public offering and sale of Shares or Share Equivalents for the Company's account or any offering of Shares or Share Equivalents, public or private, for the account of other security holders, including, but not limited to, (a) a IPO, and (b) an offering of Shares or Share Equivalents sponsored, placed or facilitated by the Company on behalf of such other security holders;

(xiii) **“Control”** shall include the right to appoint majority of the Directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

(xiv) **“Country”** means the Republic of India;

(xv) “**Depository**” shall mean a Depository as defined under clause(e) of Sub-Section (1) of Section 2 of the Depository Act, 1996,or any statutory modification or re-enactment thereof;

(xvi) **“Director”** means a director of the Company nominated and elected from time to time by the Board of Directors or the shareholders of the Company;

(xvii) **“ESP” or ESOP** has the meaning given to it in Article 121.

(xviii) **“Financial Year”** means the accounting year of the Company commencing each year on April 1 and ending on the following March 31, or such other period as the Company, from time to time designates as its accounting year;

(xix) **“Independent Director”** shall have the meaning given to it under Section 149(6) of the Act.

(xx) **“IPO” means a**n underwritten initial public offering of Shares of the Company in accordance with Applicable Law;

(xxi) **“Lien”** means any mortgage, pledge, charge (whether fixed or floating) encumbrance, assignment, hypothecation, security interest, title retention, preferential right, trust arrangement, right of set-off, counterclaim or banker's lien, privilege or priority of any kind having the effect of security, any designation of loss payees or beneficiaries or any similar arrangement under or with respect to any insurance policy or any preference of one creditor over another arising by operation of law;

(xxii) **"Listing Agreement”** means agreement between the Company and the Stock Exchange(s)

(xxiii) **“Member”** means a holder, for the time being, of the Shares ofthe Company whose name and details of shareholding are entered in the Register of Members;

(xxiv) **“New Securities”** means any Shares or Share Equivalents of the Company;

(xxv) **“Person”** includes any natural person, corporation, company, partnership, firm, voluntary association, joint venture, trust, unincorporated organization, Authority or any other entity whether acting in an individual, fiduciary or other capacity;

(xxvi) **“Pro-rata Share”** means the total number of issued and outstanding Shares and Share Equivalents, if any, held by the relevant Shareholder;

(xxvii) “**Promoter(s)”** means a person
(a) Who has been named as such in a prospectus or is identified by the Company in the Annual Return as referred in Section 92 of the Act.
(b) who has control over the affairs of the company, directly or indirectly whether as a shareholder, director or otherwise or
(c) in accordance with whose advice, directions or instructions the Board of Directors is accustomed to Act.

(xxviii) **"Register of Members"** means the register of Members maintained pursuant to the Act;

(xxix) “**Registrar”** means the Registrar of Companies of the State in which the Registered Office of the Company is, for the time being, situate;

(xxx) "**Related To Any Promoter**" means (a) if the Promoter is a listed entity, its Directors other than the Independent Director, its employees or its nominees; (b) if the Promoter is an unlisted entity, its Directors, its employees or its nominees shall be deemed to be related to it;

(xxxi) **"Seal"** mean the Common Seal, for the time being, of the Company;

(xxxii) **"Share Equivalents"** means preference Shares, bonds, loans, warrants, options or other similar instruments or securities which are convertible into or exercisable or exchangeable for, or which carry a right to subscribe for or purchase, Shares of the Company convertible into or exercisable or exchangeable for Shares;

(xxxiii) **"Shares"** means equity shares in the share capital of the Company, and includes stock except where a distinction between stock and shares is expressed or implied or any other type of share;

(xxxiv) **"Shareholder(s)"** means an owner of Shares in the Company;

(xxxv) **"Special Resolution"** and **"Ordinary Resolution"** shall have the meanings respectively assigned thereto by the provisions of the Act;

(xxxvi) **"Transfer"** means to transfer, sell, convey, assign, pledge, hypothecate, gift, create a security interest in or Lien on, place in trust (voting or otherwise), transfer by operation of law or in any other way subject to any encumbrance or dispose of, whether or not voluntarily;

(b) Any reference in these Articles to:-

(i) Any gender whether masculine, feminine or neuter, shall be deemed to be construed as referring to the other gender or genders, as the case may be;

(ii) Singular number be construed as referring to, the plural number and vice versa;

(iii) "Year" shall be the calendar year;

(iv) "Month" shall be the calendar month;

(v) The marginal notes and catch lines hereto shall not affect the construction or meaning hereof; and

(vi) Save as aforesaid, any words or expressions defined in the Act, but not defined in these Articles and not inconsistent with the subject or context, bear the same meaning herein as assigned to them respectively in the Act.

3. The provisions of these Articles shall be binding on the Company and all Members; and every Member shall be deemed to have become a Member on the foregoing basis.

SHARE CAPITAL

4.
(a) The Authorized Share Capital of the Company shall be as set forth in the Memorandum of Association of the Company from time to time.

(b) The Company may, from time to time, by Shareholders' resolution in accordance with the Act increase the share capital by such sum, to be divided into Shares of such amount, as may be specified in the resolution.

(c) Subject to the provisions of Section 61 of the Act and in accordance with the provisions of these Articles, the Company may, by ordinary resolution:

(i) consolidate and divide all or any of its Share capital into Shares of larger amount than its existing Shares;

(ii) convert all or any of its fully paid-up Shares into stock, and reconvert that stock into fully paid-up Shares of any denomination;

(iii) sub-divide its existing Shares or any of them into Shares of smaller amount than is fixed by the memorandum;

(iv) 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.

FURTHER ISSUE OF SHARES

5.

(a) Where, at any time, after the expiry of two (2) years from the formation of the Company or at any time after the expiry of one (1) year from the allotment of Shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further Shares either out of unissued capital or increased share capital, then:

(i) Such further Shares shall be offered to the persons who, at the date of the offer, are holders of the equity Shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid-up on those Shares at that date;

(ii) The offer aforesaid shall be made by a notice specifying the number of Shares offered and limiting a time being not less than fifteen (15) days and not exceeding thirty (30) days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined; or such time limit as may be permitted by Regulations for the time being.

(iii) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) 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; and

(iv) 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 of Directors may dispose of them in such manner and to such person(s) as they, in their sole discretion, think fit.

(b) Notwithstanding anything contained in sub-clause (i), the further Shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (i) hereof) in any manner whatsoever.

(i) If a special resolution to that effect is passed by the Company in general meeting, or

(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 members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the company;

(c) Nothing in sub-clause (iii) of (a) hereof 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 favour the renunciation was first made has declined to take the Shares comprised in the renunciation.

(d) 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 debentures issued or loans raised by the Company to convert such debentures or loans into Shares in the Company; or to subscribe for Shares in the Company.

Provided that the terms of issue of such debentures or loan containing such an option have been approved before the issue of such debenture or the raising of loan by a special resolution passed by the Company in general meeting subject to the provisions of Section 62 of the Act.

SHARES

6. The Directors of the Company at such time as they may from time to time think fit, and with the sanction of the Company in a General Meeting, may give to person or persons the option or right to call for any Shares either at a premium or at par during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in conduct of its business and any Shares which may so be allotted may be issued as fully paid-up Shares and if so issued, shall be deemed to be fully paid Shares.

Provided that option or right to call Shares shall not be given to any person except with the sanction of the Company in a General Meeting.

7. Subject to the provisions, if any, of the Memorandum of Association of the Company and without prejudice to any special rights previously conferred on the holders of existing Shares of the Company and subject to the provisions of Clause 6 of Table F, Shares in the Company may be issued with such preferred or other special right or such restrictions whether in regard to dividend, return of share capital or others as the Company may from time to time by Special Resolution determine and any preference Shares may be issued as provided in Clause 8 of Table F.

8. 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* herewith.

9. Except as required by law, or ordered by a court of competent jurisdiction, no Person shall be recognised by the Company as holding any Share upon trust, and the Company shall not be bound or required to recognise any equitable, contingent, future or partial interest in any Shares or (except only as by these presents otherwise expressly provided) any right whatsoever in respect of any Share other than an absolute right to the entirety thereof of the registered holder of that Share whose name appears in the Register of Members as the holder of Shares or whose name appears as the beneficial owner of Shares in the records of the Depository. However nothing in this Article shall apply to any dematerialised Shares held through a Depository.

LIMITATION OF THE TIME FOR ISSUE OF CERTIFICATES

10. Every Member shall be entitled with 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 such shares and the Company shall complete and have ready for delivery such certificates within two (2) months from the date of allotment, unless the conditions of issue thereof otherwise provide or within one month of the receipt of the application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be.

11. Every certificate shall be under the Seal and shall specify the number and distinctive numbers of Shares in respect of which it is issued and the amount paid-up thereon and shall be in such form as the Directors may prescribe and approve. Where any Share or Shares are held jointly by several persons, the provisions of Article 13 below shall apply.

ISSUE OF NEW CERTIFICATE IN PLACE OF ONE DEFACED, LOST OR DESTROYED

12. In respect of any Share or Shares held jointly by several persons, the Company shall not be bound to issue more than one (1) certificate, and delivery of a certificate for a Share to one of several joint holders shall be sufficient delivery to all such holders.

13. 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 to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, and a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificates under the Article shall be issued without payment of fees if the Directors so decide or on payment of such fees (not exceeding Rs. 2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf.

The provisions of Articles 11 to 14 shall *mutatis mutandis* apply to debentures of the Company.

DEMATERIALISATION

14. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise / rematerialise its Shares, or any other securities it issues, and offer such Shares in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder.

15. The Company shall ensure that all Shares held by a Depository shall be dematerialised and fungible. Nothing contained in Section 89 of the Companies Act, 2013 shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owner.

16. Every person subscribing to Shares offered by the Company shall have the option to receive Shares 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 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.

17. If a person opts to hold his /her Shares with a Depository, the Company shall intimate such Depository the details of allotment of the Shares, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the Shares.

18. Subject to Applicable Law and at the request of the beneficial owner of dematerialised Shares the Company shall re-materialise Shares which have been dematerialised and issue the required Share certificate.

19. Nothing contained in the Act or these Articles regarding the necessity to have distinctive numbers for securities issued by the Company shall apply to securities held with a Depository.

20. The Depository concerned shall be deemed to be the registered owner for the purposes of effecting any Transfer of ownership of Shares on behalf of the beneficial owners. However the Depository shall not have any voting rights or any other rights in respect of Shares held by it.

21. Every Person holding Shares of the Company whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be the owner of such Shares and concomitantly shall be deemed to be a Member responsible for any and all liabilities in respect of the Shares.

22. Nothing contained in Section 56 of the Companies Act, 2013 or these Articles shall apply to a Transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a Depository and no instrument of transfer would be required.

CALLS ON SHARES

23. The Board may, from time to time, make calls upon the Members in respect of any moneys unpaid on their Shares (whether on account of the/ nominal value of the Shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times.

Provided that no call shall exceed one-fourth of the nominal value of the Share or be payable at less than one (1) month from the date fixed for the payment of the last preceding call

24. Each Member shall, subject to receiving at least fourteen (14) days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his Shares

25. A call may be revoked or postponed at the discretion of the Board.

26. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by installments.

27. The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.

28. If a sum called in respect of a Share is not paid before or on the day appointed for payment thereof, the Person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at twelve per cent (12%) per annum or at such lower rate, if any, as the Board may determine.

29. The Board shall be at liberty to waive payment of any such interest wholly or in part.

30. Any sum which by the terms of issue of a Share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the Share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

PAYMENT IN ANTICIPATION OF CALL MAY CARRY INTEREST

31. The Board-

(a) may, if it thinks fit, subject to provisions of Section 50 of the Companies Act, 2013, agree to and receive from any Member willing to advance the same, all or any part of the moneys due upon any Shares held by him beyond the sums actually called for; and

(b) upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the Shares in respect of which such advance has been made, the Company may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the Company in the general meeting, shall otherwise direct, twelve percent (12%) per annum, as the members paying such sum, in advance, and the Directors agree upon, provided that 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.

32. The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

FOREFEITURE OF SHARES

33. If any Member fails to pay calls or installments of calls on the day appointed for payment or any extension thereof as aforesaid the Directors may at any time thereafter serve a notice on him requiring him to pay the call with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment. The notice shall name a further day (not earlier than expiration of fourteen (14) days from the date of service of notice) and a place or places on and at which such call or installment and such interest thereon at such rate as the Directors shall determine from the day on which such call or installment ought to have been paid 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 appointed, the same in respect of which the call was made would be liable to be forfeited.

34. If the requirements of any notice are not complied with by a Member, any Share of such Member, in respect of which a notice on him has been given may, at anytime thereafter, before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by resolution of the Board of Directors to that effect. Such forfeiture shall include in the case of Shares, all dividends declared or any other money payable in respect of the forfeited Shares or debentures and not actually paid before the forfeiture. No unclaimed or unpaid dividend shall be forfeited by the Board.

35. When any Share or debenture has been so forfeited, notice of the forfeiture shall be given to the Member or debenture holder in whose name it stood immediately prior to the forfeiture and a entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members or register of debenture holders but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

36. A forfeited or surrendered Share shall be deemed to be the property of the Company and may be sold, re-allotted, or otherwise disposed of on such terms and in such manner as may be decided by the Board and at any time before a sale or disposal of the forfeiture may be cancelled.

37. The provisions of the Articles shall mutatis mutandis apply to the calls on and forfeiture of debentures of the Company.

COMPANY LIEN ON SHARES/ DEBENTURES

38. The Company shall have a first and paramount lien on all Share / debentures (other than fully paid up Shares/debentures) registered in the name of each member (whether solely or jointly with others), and upon proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of the Shares / debentures and no equitable interest in any Share shall be created except upon the footing and condition that these Articles shall have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/ debentures.

39. 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;

40. The Directors may, at any time, declare any Shares / Debentures, wholly or in part to be exempt from the provisions of this Article.

41. Fully paid Shares shall be free from lien and that in the case of partly paid-up shares the Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such Shares.

TRANSFER AND TRANSMISSION

42. Subject to the provisions of the Act, and these Articles a Member may, at any time, Transfer all or any part of the Shares held by him, to any Person.

INSTRUMENT OF TRANSFER

43. The instrument of transfer of any Share shall be in writing and all the provisions of Section 56 of the Companies Act, 2013 shall be duly complied with in respect of all transfer of Shares and registration thereof.

44. 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 and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

45. The instrument of transfer of any Share in the Company shall be executed by or on behalf of both the transferor and transferee. A common form of transfer shall be used.

46. The transferor shall be deemed to remain a holder of the Share until the name of the transferee is entered in the Register of Members in respect thereof.

DIRECTORS MAY REFUSE TO REGISTER TRANSFER

47. Subject to the provision 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 of Directors may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in debentures of the Company if any arrangement or contract between two or more persons in respect of transfer of securities is found not enforceable. The Company shall within 30 days from the date of which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reason for such refusal.

Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares. Transfer of shares/debentures in whatever lot shall not be refused.

48. The Board may also decline to recognize any instrument of transfer unless:

(a) instrument of transfer is accompanied by the certificate of the Shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(b) the instrument of transfer is in respect of only one class of Shares.

49. Subject to the provisions of Section 91 of the Companies Act, 2013, the registration of transfer may be suspended at such times and for such periods as the Board may from time to time determine. Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

NO FEE ON TRANSFER OR TRANSMISSION

50. No fee shall be charged for registration of transfer, transmission, probate, succession certificate, letters of administration, certificate of death or marriage, power of attorney, or other similar instrument.

51. On the death of a Member, the survivor or survivors where the Member was a joint holder, and his legal representatives where he was a sole holder, shall be only persons recognised by the Company as having any title to his interest in the Shares. Nothing in this Article 51 shall release the estate of a deceased joint holder from any liability in respect of any Share which had been jointly held by him with other Persons.

52. Any Person becoming entitled to a Share in consequence of the death or insolvency of a Member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either-

(a) To be registered himself as holder of the Share; or

(b) to make such transfer of the Share as the deceased or insolvent Member could have made.

(c) the Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent Member had transferred the Share before his death or insolvency.

53. If the Person so becoming entitled shall elect to be registered as holder of the Share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

54. If the Person aforesaid shall elect to transfer the Share, he shall testify his election by executing a transfer of the Share.

55. All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of Shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the Member had not occurred and the notice or transfer were a transfer signed by that Member.

56. A Person becoming entitled to a Share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the Share, except that he shall not before being registered as a Member in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the Share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends. bonuses or other moneys payable in respect of the Share, until the requirements of the notice have been complied with.

57. The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the Shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit. Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the Shares from which the stock arose.

58. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the Shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in Shares, have conferred that privilege or advantage.

59. Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid-up Shares shall apply to stock and the words "Share" and "Shareholder" in those regulations shall include "stock" and "stock holder" respectively.

60. The bearer of a share warrant may at any time deposit the share warrant at the office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company, and of attending, and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Shares included in the deposited warrant. Provided that

(a) Not more than one Person shall be recognized as depositor of the share warrant
(b) The Company shall, on two (2) day's written notice, return the deposited warrant to the depositor.

61. As herein otherwise expressly provided, no Person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any other privilege of a Member at a meeting of the Company, or be entitled to receive any notices from the Company.

62. The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Shares included in the share warrant, and he shall be a Member of the Company.

63. The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

64. The Company may, by Special Resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by Applicable Law,-

(a) its share capital ;

(b) any capital redemption reserve account;

(c) any share premium account ; or

(d) any other reserve in the nature of share capital.

65. The Company shall keep a book, to be called the "Register of Transfers and Transmissions", and therein shall be fairly and distinctly entered the particulars of every transfer and transmission of Shares.

66. Only fully paid Shares or debentures shall be transferred to a minor, acting through his/her legal or natural guardian. Under no circumstances, Shares or debentures be transferred to any insolvent or a Person of unsound mind.

67. The provisions of these Articles shall *mutatis mutandis* apply to the transfer or transmission by operation of law, of debentures of the Company.

PREEMPTIVE RIGHT

68.
(a) Unless otherwise determined by the Company in a general meeting by a Special Resolution of its Shareholders, all Shareholders shall have the right to subscribe their Pro-rata Share of New Securities.

(b) Subject to the provisions of Article 4, if the Company proposes to issue New Securities, it shall give the Shareholders written notice of its intention, describing the New Securities, their price, and their general terms of issuance, and specifying each Shareholder's Pro-rata Share of such issuance. Each Shareholder shall have thirty (30) days or such number days which are less than 30 as may be permitted by regulations, after any such notice is mailed or delivered to agree to subscribe up to its Pro-rata Share of the New Securities for the price and on the terms specified in such notice.

OFFERING RIGHTS

69. Subject to Applicable Law, the Company may undertake a Company Offering.

70. If the Company lists its Shares on any securities exchange or other trading market, the Company shall, to the fullest extent permitted by Applicable Law, take all such actions as may be necessary or appropriate to list all Shares, or Shares issued or issuable in respect of Share Equivalents, if any, such that such Shares will be freely tradable on such market.

BUY-BACK OF SHARES

71. Notwithstanding anything contained in these Articles, but subject to the provisions of Section 68 to 70 of the Act, and other applicable provisions of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities.

CAPITALIZATION OF PROFITS

72.
(a) The company in general meeting may, upon the recommendation of the Board, resolve—

(i) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

(ii) that such sum be accordingly set free for distribution in the manner specified in clause (*ii*) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(b) The sum aforesaid shall not be paid in cash but shall be applied either in or towards—

(i) paying up any amounts for the time being unpaid on any shares held by such members respectively;

(ii) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;

(iii) partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (b);

(iv) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;

(v) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.

PROCEEDINGS AT GENERAL MEETINGS

73. Any general meeting of the Company may be convened at a time and place, subject to the provisions of the Act, by the Chairman appointed by the Board of Directors or by any two Directors of the Company, by giving not less than 21 days' notice in writing or through electronic mode. However, a General Meeting may be called after giving a shorter notice than of 21 days if consent is given in writing or by electronic mode by not less than 95% of the members entitled to vote at such meeting.

74. All general meetings other than the annual general meeting shall be called extraordinary general meetings.

75. The Board of Directors may, whenever it thinks fit, call an extraordinary general meeting.

SERVICE OF DOCUMENTS AND NOTICES

76. Without prejudice to the provisions of the act in respect of any member whose registered address is situated outside India, the Company shall:

(a) Serve a copy of document or notice to such a member at such address outside India, by registered mail; and

(b) Simultaneously send an extract of such document by telex/fax/email at the telex/fax/email number provided by such member.

BUSINESS TO COMMENCE WHEN QUORUM PRESENT

77.
(a) Quorum for a General Meeting shall be in accordance with the provisions of Section 103 of the Act and no business shall be transacted at any general meeting including annual general meeting unless the requisite quorum of members is present at the commencement of the business.

(b) Any of the members entitled to attend and vote at a meeting of the Company shall be entitled to appoint any Person, whether a member or not, as their Proxy to attend and vote instead of themselves.

DISSOLUTION OR ADJOURNMENT IN ABSENCE OF QUORUM

78. If within half an hour from the time appointed for holding a meeting, a quorum is not present, the meeting, if convened upon the requisition of members, shall stand cancelled; 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 date and such other time and place as the Board may determine and if at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall be quorum.

79.
(a) The chairman of a general meeting, may with the consent of the meeting at which a quorum is present and shall, if so directed by the meeting adjourn the meeting from time to time and place to place.

(b) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(c) In case of an adjourned meeting or of a change of day, time or place fixed original meeting, the company shall give notice to the members as prescribed under section 103 of the Act.

80. Any business other than that upon which a poll has been demanded may be preceded with, pending the taking of the poll.

CHAIRMAN OF GENERAL MEETINGS

81. The Chairman of the Board of Directors shall preside as chairman at every general meeting of the shareholders.

82. If there is no such Chairman, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairman of the meeting, the Directors present shall elect one of their members to be Chairman of the meeting.

83. If at any meeting no director is willing to act as Chairman or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairman of the meeting.

VOTING RIGHTS

84. Subject to any rights or restrictions for the time being attached to any class or classes of shares,

(a) on a show of hands, every member present in person shall have one vote; and

(b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.

85. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.

86.
(a) In the case of joint holders, the vote of the first name holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

(b) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

CASTING VOTE OF CHAIRMAN

87. The Chairman shall have a casting or second vote in the event of equality of votes at any general meeting of the Company.

DIRECTORS AND THEIR MEETINGS

GENERAL POWER OF COMPANY TO VEST IN THE BOARD OF DIRECTORS

88. Subject to the provisions of the Act and these Articles, the business of the Company shall be managed by Directors who may pay all expenses incurred in setting up and registering the Company and may exercise all such powers of the Company as are not restricted by

(a) the Act or any statutory modification thereof for the time being in force or

(b) by these Articles required to be exercised by the Company in general meeting subject nevertheless,

(c) any regulations of these Articles, to the provisions of the Act, and to such regulations being not inconsistent with the aforesaid regulations of provisions as may be prescribed by the Company in general meeting.

Nothing shall invalidate any prior act of the Board of Directors which would have been valid if that regulation had not been made.

89. Subject to the provisions of the Act, the Board of Directors from time to time may limit the powers of any Director and officer of the Company by resolution passed by majority of the Board Members.

(a) The Board of Directors of the Company shall not be less than three and not more than fifteen. Where the Chairman of the Board is a non-executive director, at least one third of the Board shall comprise of Independent Directors and in case the Chairman is an executive Director, at least half of the Board shall comprise of Independent Directors.

Provided that where the non-executive Chairman is a promoter of the Company or is related to any promoter occupying the management position at the Board level or at least one level below the board, at least one half of the Board shall consist of Independent Directors.

(b) The Company, in general meeting, may from time to time by ordinary resolution, increase or reduce the number of Directors within the limits specified in Article 89 (a).

(c) The present Directors of the company are:

(i) Mr. Yatin Subhash Shah
(ii) Dr. Suhasini Yatin Shah
(iii) Mr. Jayant Vasudeo Aradhye
(iv) Mr. Ravindra Ranganath Joshi
(v) Mr. Sarvesh Nandlal Joshi

Mr. Yatin Subhash Shah Shall not be liable to retire by rotation.

SHARE QUALIFICATION OF DIRECTORS

90. A Director shall not be required to hold any shares in the Company as his qualification shares.

REMUNERATION OF DIRECTORS

91.
(a) Each Director shall be entitled to receive, out of the funds of the Company, for his services in attending meetings of the Board, such fee not exceeding the maximum permitted under the Act. Each Director shall be entitled to be paid his traveling, hotel and other reasonable expenses incurred by him for attending the meetings of the Board of Directors or otherwise incurred in execution of his duties as Director subject to requisite approvals of any authority, wherever required.

(b) All other remuneration, if any, payable by the Company to a Director, in respect of his services as a Director, whether whole time or part time, shall be determined in accordance with and subject to the provisions of the Act and these Articles and subject to approval of any government authority and or Board of Directors, whenever required.

REMUNERATION FOR EXTRA SERVICES

92. Subject to the limitation provided by the Act and these Articles, if any Director being willing, be called upon to perform extra services outside the scope of his ordinary duties, the Board may remunerate the Director

for doing so either by way of a fixed sum or otherwise as it shall think fit and such remuneration may either in addition to or in substitution for any other remuneration to which he may be entitled.

APPOINTMENT OF ADDITIONAL DIRECTORS

93. The Board of Directors shall have the power, at any time and from time to time, to appoint any Person as Additional Director in addition to the existing Directors but so that the total number of Directors shall not be less than three and not more than Fifteen including nominee Director at any time. Any Director, so appointed, shall hold office only till the next following annual general meeting but shall be eligible thereof for election as Director

APPOINTMENT OF ALTERNATE DIRECTORS

94. The Board of Directors shall have a power to appoint a person to act as alternate director for a director during his absence for a period of not less than three (3) months from India.

Provided that no person shall be appointed as an alternate director for an Independent Director unless he is qualified to be appointed as an Independent Director under the provisions of the Act.

MEETINGS OF THE BOARD

95.
(a) The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit provided that minimum 4 Board meetings are held in a year in such manner that interval between two consecutive Board Meetings shall not exceed 120 days. Subject to the provisions of the Act, questions arising at any meeting shall be decided by majority of votes, in case of an equality of votes, the Chairman shall have a second or casting vote.

(b) Any two Directors may summon a meeting of the Board or require the Secretary of the Company to do so.

(c) A meeting of the Board of Directors be called by giving not less than 7 days notice in writing to every director 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 called at shorter notice subject to condition that at least one Independent Director, if any, shall be present at the meeting. Provided that in case of absence of Independent Directors from such a meeting of the Board, decisions taken at such a meeting shall be circulated to all the directors and shall be final only on ratification thereof by at least one Independent Director, if any.

(d) Every notice convening a meeting of the Board shall set out the agenda of the business to be transacted at such meeting in full and sufficient detail. The Board shall not, without the consent of the majority Directors present at the meeting, consider any item of business which has not been in full and sufficient detail in the notice convening the meeting.

(e) A meeting of the Board of Directors, at which a quorum is present, shall be competent to exercise all or any of the authorities, powers and discretions by law or under the Articles and regulations for the time being vested in or exercisable by the Directors.

(f) Subject to the provisions of the Act and these Articles, the Board shall hold meetings as often as may be deemed necessary. The meetings of the Board of Directors or a committee of the Directors maybe held in Person or video conferencing or other audio visual means. A resolution passed at any meeting held in compliance with this Article and recorded in writing signed by the Chairman, shall be as valid and effective as if it had been passed at meeting of the Directors (or a committee or the Directors as the case may be) which had been duly convened and held. Any two Directors or the Secretary at the request of the majority of the Directors shall call a meeting of the Board of Directors.

96. At least two Directors or one third of its total strength whichever is higher, present in accordance with Section 174 of the Act shall form a quorum.

CIRCULAR RESOLUTIONS

97. Except for a resolution which the Act, requires specifically to be passed in a Board meeting, a resolution in writing signed by the majority of the Directors shall be as effective for all purposes as a resolution passed at a meeting of the Directors duly convened, held and constituted, subject to section 175 of the Act

MANAGING DIRECTOR/WHOLE-TIME DIRECTOR

98.

(a) Subject to the applicable provisions of the Act, the Directors may, from time to time, appoint the Managing Director/ Whole-Time Director of the Company for a term not exceeding 5 years at a time. The Managing Director/ Whole-Time Director shall be empowered with substantial powers of management, subject, however, to the superintendence, control and directions of the Board of Directors.

(b) Subject to the applicable provisions of the Act, a managing or whole time Director may be paid such remuneration (whether by way of salary, commission or participation in profits or partly in one way and partly in other) as the Board of Directors may determine.

(c) The Board of Directors, subject to the provisions of the Act may entrust to and confer upon a managing or 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 the exclusion of their own powers, and may from time to time revoke, withdraw or alter or vary all or any of such powers subject to the provisions of the Act.

CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER

99. 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.

PROCEEDINGS OF THE BOARD OF DIRECTORS

100.

(a) Questions arising at any meeting of the Board of Directors 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.

(b) The Board of Directors shall designate any one of them as the Chairman. The Managing Director or Chief Executive Officer of the Company can be appointed as the Chairman of the Board of Directors.

(c) The Chairman of the Board of Directors shall preside as chairman at every meeting of the Board of Directors. If he is unable to attend the meeting, then Board may choose one of the Directors present at the meeting to be the chairman.

(d) Subject to the provisions of the Act, the Board of Directors may delegate any of their powers, other than the power to borrow and to make calls, to issue debentures and any other powers which by reason of the provision of the said Act cannot be delegated, to committees consisting of such member or members of their body as they may think fit and they may from time to time revoke and discharge any such committee either wholly or in part and either as to Person or Persons. Every committee so formed, in exercise of powers so delegated, shall conform to any regulations that may from time to time be imposed on it by the Directors and all acts done by any such committee in conformity with such regulations and in fulfillment of the purpose of their appointment, but not otherwise shall have the like force and effect as if by the Board.

(e) All acts done by a Person acting as a Director shall be valid, notwithstanding that it may be afterwards discovered that his appointment was invalid by reason of any defect or disqualification or had terminated by virtue of any provisions contained in the said Act or in these Articles. Provided that this Article shall not give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to terminate.

POWERS OF THE DIRECTORS

101. Subject to the provisions of the Act, the Board of 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.

102. The Board of Directors shall have powers for the engagement and dismissal of officers, managers, engineers, clerks 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 bill of exchange, hundies, cheques, drafts and other Government papers and instruments that shall be necessary, proper or expedient, for the authority and direction of the Company except only such of them as by the Act or by these presents are expressly directed to be exercised by majority share-holders in the general meeting.

103. Subject to the provisions of the Act, the Board of Directors shall be entitled and are hereby empowered at their discretion to borrow or raise money to any extent in such manner as they may deem fit and in particular by the issue of debentures or debenture-stock, perpetual or otherwise, including debentures or debenture stock convertible into shares of this or any other Company in security of any such money so borrowed, raised or received, to mortgage, pledge or charge the whole or any part of the properties, assets, or revenues of the Company present or future including its uncalled capital.

SEAL

104. The Board shall provide for the safe custody of the common seal of the Company which shall not be affixed to any instrument except on the authority of a resolution of the Board or a Committee of the Board authorised by it in that behalf and except in the presence and under the signature of at least one Director or any other person as may be authorized by the Board of Directors. .

DIVIDEND

105. The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

106. Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.

107.
(a) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, thinks fit.

(b) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

108.

(a) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.

(b) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.

(c) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

109. 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.

110.
(a) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

(b) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

111. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

112. 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.

113. No dividend shall bear interest against the company.

ACCOUNTS

114. The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of Members not being Directors.

115. No Member (not being a Director) shall have any right of inspecting any accounts or books or document of the Company except as conferred by law or authorized by the Board or by the Company in general meeting or otherwise as provided in these Articles.

AUDIT

116. At least once in every year the accounts of the Company shall be examined and the correctness of the balance sheet as ascertained by one or more auditors (appointed under Section 139 of the Companies Act, 2013).

117. The Board may fill any casual vacancy in the office of an auditor except of the one caused by the resignation of the auditor, of which shall be filled by the Company in general meeting.

118. The remuneration of the auditor shall be fixed by the Company in general meeting OR in such manner as may be determined therein. The remuneration of an auditor appointed by the Board, which may be fixed by the Board.

119. The auditors of the Company shall be appointed in accordance with the provisions of the Act.

120. An annual statutory audit of the books of account, records and affairs of the Company for each year immediately following the close of the fiscal year shall be made. A signed copy of the statutory audit report shall be provided to each member of the Board. The statutory audit shall be at the expense of the Company.

EMPLOYEE STOCK PLAN

121. Subject to Applicable Law, the Company may establish an employee stock plan (the “ESP”) or Employee Stock Option Plan (the “ESOP”) in order to attract talented employees, consultants and Directors for the Company.

SECRECY

122. Except as allowed by the Act or any other law or these Articles no Member shall be entitled to visit or inspect the Company's properties or premises without the permission of the Board of Directors or the Managing Director or the manager as the case may be or to acquire, discovery of or any information regarding any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process which may relate to the conduct of the Company's business and which in the opinion of the Board of Directors or Managing Director it will be inexpedient in the interest of Members of the Company to communicate to the public.

INDEMNITY AND RESPONSIBILITY

123. Save and except so far as the provisions of this Article shall be avoided by Section 197 of the Companies Act, 2013, the Board of Directors, Managing Director, managers, secretary, and other officers or other employees / servants for the time being of the any, Auditor and the trustees, if any, for the time being acting in relation to any of the affairs of the Company and every one of them and every one of their heirs, executors and administrators shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators shall or may incur or sustain by or reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trust, except such, if any as they shall incur or sustain through or by their own willful neglect or default respectively.

124. None of them shall be answerable for the acts, receipts, neglects or defaults of the other or others of them, or for joining in any receipt for the sake of conformity, or for any bankers or other Person with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for the insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts or in relation thereto, except the same shall happen by or through their own willful dishonesty, neglect or default respectively.

VARIATION IN TERMS OF CONTRACT OR OBJECTS IN PROSPECTUS

125. The Company shall not, at any time, vary the terms of a contract referred to in prospectus or objects for which the prospectus was issued, except subject to the approval of, or except subject to an authority given by the Company in general meeting by way of special resolution, and in accordance with the provisions of the Act. Provided that the dissenting Shareholders, being the Shareholders who have not agreed to the proposal to vary the terms of the contracts or the objects referred to in the prospectus, shall be given an exit offer by the Promoters or controlling Shareholders of the company, at the fair market value of the equity Shares as on the date of the resolution of the Board of Directors recommending such variation in the terms of the contracts or the objects referred to in the prospectus, in accordance with such terms and conditions as may be specified on this behalf by the Securities and Exchange Board of India.

WINDING UP

126. Subject to the provisions of these Articles, if the Company shall be wound up, the liquidator, may with the sanction of a Special Resolution of the Company and any other sanction required by the Act, divide amongst

the Members in specie or kind the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

127. For the purpose as aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may be determined how such division shall be carried out as between the Members or different classes of Members.

128. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trust for the benefit of the contributors as the liquidator, with the like sanction shall think fit, but no Member shall be compelled to accept any Shares of other securities whereon there is any liability.

GENERAL POWER

129. Wherever in the Act, it has been provided that the Company shall have right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorized by its Articles, then and in that case this regulation hereto authorizes and empowers the Company to have such rights, privilege or authority and to carry such transactions as have been permitted by the Act, without there being any specific regulation in that behalf herein provided.

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 the 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 the Registered Office at E - 102/103 MIDC, Akkalkot Road, Solapur 413 006, Maharashtra, India 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 4, 2015, entered into among our Company, the Selling Shareholders and the BRLMs.
2. Agreement dated March 3, 2015, 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 BRLMs, the Syndicate Members, Escrow Collection Banks, and the Registrar to the Offer.
4. Syndicate Agreement dated [●] entered into among our Company, the Selling Shareholders, the BRLMs and Syndicate Members.
5. Underwriting Agreement dated [●] entered into among our Company, the Selling Shareholders, the BRLMs and Syndicate Members.

Other Material Contracts in relation to our Company

1. Joint venture agreement dated February 11, 2012 entered into between the Company and Ningbo Shenglong Powertrain Company Limited.
2. Amendment agreement dated February 11, 2012 entered into between the Company and Ningbo Shenglong Powertrain Company Limited and ZMM Technology Limited.
3. Joint venture agreement dated September 25, 2013 entered into between the Company, Ningbo Shenglong Powertrain Company Limited and ZMM Technology Limited for setting up foundry shop in Huzhou, China.
4. Agreement dated May 5, 2014 between our Company and EMAG Holding GmbH, EMAG Automation GmbH and EMAG India Private Limited

Material Documents

1. Certified copies of the Memorandum of Association and Articles of Association of our Company, as amended from time to time.
2. Certificate of incorporation dated June 8, 1992 and fresh certificate of incorporation dated August 1, 1997.
3. Resolution of the Board of Directors of our Company and Equity Shareholders of our Company dated November 24, 2014 and December 30, 2014, respectively, authorizing the Offer and other related matters.
4. Consent letters dated March 2, 2015 of each of the Selling Shareholders authorizing the Offer for Sale.
5. Resolution of the board of directors of CTL dated March 2, 2015 authorizing the Offer for Sale.
6. Copies of the annual reports of our Company for the five fiscal years immediately preceding the date of this Draft Red Herring Prospectus.
7. The audit reports of the Auditors, SRBC & Co. LLP, Chartered Accountants, on our restated financial information, and statement of tax benefits included in this Draft Red Herring Prospectus.
8. Consents of the Auditor, SRBC & Co. LLP, Chartered Accountants, to include their names as experts in relation to their audit reports dated March 10, 2015 on our restated financial information and the statement of tax benefits in the form and context in which it appears in this Draft Red Herring Prospectus.
9. Consent of Dhananjay Datar and Associates, Architects and Valuers to include their names as experts in relation to their cost certificate dated January 15, 2015 in the form and contect in which it appears in this Draft Red Herring Prospectus.

10. Consent of DKV & Associates, Chareterd Accountants to include their names as experts in relation to their certificates dated March 2, 2015.
11. Consents of Bankers to our Company, the BRLMs, Syndicate Members, Registrar to the Offer, Bankers to the Offer, legal counsel, Directors of our Company, Company Secretary and Compliance Officer, as referred to act, in their respective capacities.
12. Certificate dated January 15, 2015 issued by Dhananjay Datar and Associates, Architects and Valuers.
13. Certificates dated March 2, 2015 issued by DKV & Associates, chartered accountants.
14. Certificate dated March 10, 2015 issued by the Auditor.
15. In-principle listing approvals dated [●] and [●] from BSE and NSE, respectively.
16. Tripartite Agreement dated December 18, 2014 among our Company, NSDL and the Registrar to the Offer.
17. Tripartite Agreement dated February 6, 2015 among our Company, CDSL and the Registrar to the Offer.
18. Due diligence certificate to SEBI from the BRLMs, dated March 10, 2015.

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

1. Declaration by the Company

We 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 issued by SEBI, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities Contracts (Regulation) Rules, 1957, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules or regulations 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

________________________	________________________
(Mr. Yatin Shah)	**(Mr. Jayant Aradhye)**
(Chairman and Managing Director)	**(Non-Executive Non-Independent Director)**
________________________	________________________
(Dr. Suhasini Shah)	**(Mr. Sarvesh Joshi)**
(Whole-time Director)	**(Independent Director)**
________________________	________________________
(Mr. Ravindra Rangnath Joshi)	**(Mr. Vedant Pujari)**
(Whole-time Director)	**(Independent Director)**
________________________	________________________
(Mr. Pramod Mehendale)	**(Mr. Vaibhav Mahajani)**
(Independent Director)	**(Additional Independent Director)**

AND

____

(Mr. Ravindra Rangnath Joshi)
(Chief Financial Officer)

Place:
Date:

2. Declaration by the Selling Shareholders

The undersigned Selling Shareholders hereby each certify that the respective statements and undertakings made by them in this Draft Red Herring Prospectus about or in relation to themselves and the Equity Shares being offered by them respectively pursuant to the Offer for Sale are true and correct.

Signed by the Selling Shareholders

______________________	______________________
(Mr. Yatin Shah)	**(Dr. Suhasini Shah)**
______________________	______________________
(Mr. Yatin Shah) **(Director)** **(Authorized Signatory of CTL)**	**(Mr. Ravindra Rangnath Joshi)** **(Director)** **(Authorized Signatory of CTL)**

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(Mr. Jayant Aradhaye)

Place:
Date: