DRAFT RED HERRING PROSPECTUS
Dated August 20, 2018
(This Draft Red Herring Prospectus will be updated upon filing with the RoC)
Please read section 32 of the Companies Act, 2013
Book Built Offer

Harsha Engineers Limited

Our Company was incorporated as Harsha Engineers Private Limited on March 4, 1986 at Ahmedabad, Gujarat as a private limited company under the Companies Act, 1956. Our Company became a deemed public limited company under Section 43A(1) of the Companies Act, 1956, and the word "private" was struck off from the name of our Company with effect from July 1, 1998. Pursuant to a resolution of our Shareholders on August 27, 2001, our Company was converted into a public limited company and its name changed to Harsha Engineers Limited. Consequently, the Registrar of Companies issued a fresh certificate of incorporation on September 18, 2001. For further details see "*History and Certain Corporate Matters"* on page 132.

Registered Office and Corporate Office: Sarkhej-Bavla Road, PO Changodar, Ahmedabad – 382 213; **Tel**: (91 2717) 618 200; **Fax**: (91 2717) 618 259
Contact Person: Kiran Mohanty, Chief Compliance Officer, Company Secretary and Compliance Officer for the Offer; **Email**: sec@harshaengineers.com; **Website**: www.harshaengineers.com
Corporate Identity Number: U29259GJ1986PLC008520

PROMOTERS OF OUR COMPANY: RAJENDRA SHANTILAL SHAH, HARISH RANJIT RANGWALA, VISHAL RANGWALA, PILAK RAJENDRA SHAH AND MUNJAL RANGWALA

PUBLIC OFFER OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH (THE "EQUITY SHARES") OF HARSHA ENGINEERS LIMITED (OUR "COMPANY") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE FOR THE FRESH ISSUE) (THE "OFFER PRICE") AGGREGATING UP TO ₹ [●] MILLION (THE "OFFER") CONSISTING OF A FRESH ISSUANCE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 3,700 MILLION BY OUR COMPANY ("FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 331,250 EQUITY SHARES BY RAJENDRA SHANTILAL SHAH AND UP TO 331,250 EQUITY SHARES BY HARISH RANJIT RANGWALA ("PROMOTER SELLING SHAREHOLDERS") AND UP TO 331,250 EQUITY SHARES BY NIRMALA RAJENDRA SHAH AND UP TO 331,250 EQUITY SHARES BY CHARUSHEELA HARISH RANGWALA (THE "PROMOTER GROUP SELLING SHAREHOLDERS", COLLECTIVELY WITH PROMOTER SELLING SHAREHOLDERS, THE "SELLING SHAREHOLDERS" AND SUCH EQUITY SHARES CUMULATIVELY OFFERED BY THE SELLING SHAREHOLDERS, THE "OFFERED SHARES") CUMALATIVELY AGGREGATING UP TO ₹ [●] MILLION ("OFFER FOR SALE" AND TOGETHER WITH THE FRESH ISSUE, THE "OFFER"). THE OFFER INCLUDES A RESERVATION OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (DEFINED HEREINAFTER) ("EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER SHALL CONSTITUTE [●]% AND [●]% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY, RESPECTIVELY.

THE FACE VALUE OF EQUITY SHARES IS ₹ 10 EACH. 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 THE ENGLISH NATIONAL DAILY NEWSPAPER [●], ALL EDITIONS OF THE HINDI NATIONAL DAILY NEWSPAPER [●] AND [●] EDITIONS OF THE GUJARATI DAILY NEWSPAPER [●] (GUJARATI BEING THE REGIONAL LANGUAGE OF GUJARAT, WHERE THE REGISTERED OFFICE OF OUR COMPANY IS LOCATED), EACH WITH WIDE CIRCULATION, AT LEAST FIVE WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES.

In case of any revision to the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days following such revision of the 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 also by indicating the change on the respective websites of the Book Running Lead Managers and at the terminals of the Syndicate Members and by intimation to Self-Certified Syndicate Banks ("**SCSBs**") and other Designated Intermediaries, as applicable.

In terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**"), the Net Offer shall be for at least 10% 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 Regulations**"), wherein 50% of the Net Offer shall be allocated on a proportionate basis to Qualified Institutional Buyers ("**QIBs**", the "**QIB Portion**"), provided that our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis ("**Anchor Investor Portion**''). At least 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 Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. Further, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI Regulations, subject to valid Bids being received at or above the Offer Price. All potential Bidders, other than Anchor Investors, shall mandatorily participate in the Offer only through the Application Supported by Blocked Amount ("**ASBA**") process providing details of their respective bank account which will be blocked by the SCSBs. Anchor Investors are not permitted to participate in the Offer through the ASBA Process. For details, see "*Offer Procedure*" beginning on page 375.

RISK IN RELATION TO THE FIRST OFFER

This being the first public issue of our Company, there has been no formal market for the Equity Shares. The face value of each Equity Shares is ₹ 10 and the Floor Price is [●] times the face value and the Cap Price is [●] times the face value. The Offer Price (determined and justified by our Company and the Selling Shareholders in consultation with the Book Running Lead Managers as stated under "*Basis for Offer Price*" on page 90) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "*Risk Factors*" beginning on page 13.

COMPANY'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, the Selling Shareholders accepts responsibility for and confirms only statements made or undertaken expressly by the Selling Shareholders in this Draft Red Herring Prospectus solely in relation to themselves and the Offered Shares. The Selling Shareholders assumes no responsibility for any other statements, including, *inter alia*, any of the statements made by or relating to our Company or its business in this Draft Red Herring Prospectus.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on BSE and NSE. Our Company has received an 'in-principle' approval from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purposes of the Offer, the Designated Stock Exchange shall be [●]. A signed copy of the Red Herring Prospectus and the Prospectus shall be delivered to the RoC in accordance with Section 26(4) of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/Offer Closing Date, see "*Material Contracts and Documents for Inspection*" beginning on page 420.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE OFFER
Axis Capital Limited 1st floor, Axis House C 2 Wadia International Centre Pandurang Budhkar Marg, Worli Mumbai 400 025 Tel: (91 22) 4325 2183 Fax: (91 22) 4325 3000 Email: hel@axiscap.in Investor Grievance Email: complaints@axiscap.in Website: www.axiscapital.co.in Contact Person: Simran Gadh SEBI Registration Number: INM000012029	**Edelweiss Financial Services Limited** 14th Floor, Edelweiss House Off. C.S.T Road, Kalina Mumbai - 400 098 Tel: (91 22) 4009 4400 Fax: (91 22) 4086 3610 E-mail: hel.ipo@edelweissfin.com Investor grievance e-mail: customerservice.mb@edelweissfin.com Website: www.edelweissfin.com Contact Person: Ashish Gupta SEBI Registration No.: INM0000010650	**Link Intime India Private Limited** C-101, 1st Floor, 247 Park, LBS Marg, Vikhroli (West) Mumbai 400 083 Tel: (91 22) 4918 6200 Fax: (91 22) 4918 6195 Email: harshaengineers.ipo@linkintime.co.in, Investor Grievance Email: harshaengineers.ipo@linkintime.co.in Website: www.linkintime.co.in Contact Person: Shanti Gopalkrishnan SEBI Registration Number: INR000004058

BID/OFFER PROGRAMME

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

* *Our Company and the Selling Shareholders may, in consultation with the Book Running Lead Managers, consider participation by Anchor Investors in accordance with the SEBI Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date.*

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

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning ascribed to such definitions and abbreviations set forth. References to any legislation, act, regulation, rules, guidelines, clarifications or policies shall be to such legislation, act, regulation, rules, guidelines, clarifications or policies as amended, supplemented or re-enacted from time to time, and any reference to a statutory provision shall include any subordinate legislation notified from time to time pursuant to such provision.

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

Notwithstanding the foregoing, the terms used in "Industry Overview", "Regulations and Policies", "Statement of Tax Benefits", "Financial Statements", "Main Provisions of the Articles of Association" and "Offer Procedure – Part B" beginning on pages 96, 129, 93, 166, 414 and 385, respectively shall have the meaning ascribed to them as part of the aforementioned sections.

General Terms

Term	Description
Our Company/the Company	Harsha Engineers Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Sarkhej-Bavla Road, PO Changodar, Ahmedabad – 382 213
We/us/our	Unless the context otherwise indicates or implies, refers to our Company and our Subsidiaries

Company Related Terms

Term	Description
Articles of Association/AoA/Articles	Articles of association of our Company, as amended from time to time
Audit Committee	Audit committee of our Company, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations
Auditors/Statutory Auditors	Statutory auditors of our Company, being M/s. Pankaj R. Shah & Associates
Board/Board of Directors	Board of directors of our Company or a duly constituted committee thereof
Corporate Social Responsibility Committee	Corporate social responsibility committee of our Company constituted in accordance with the applicable provisions of the Companies Act, 2013
Director(s)	Director(s) of our Company
Equity Shares	Equity shares of our Company bearing face value of ₹ 10 each
Group Companies	Companies which are covered under the applicable accounting standards and also other companies as considered material by our Board, as identified in *"Our Group Companies"* on page 156
Key Management Personnel	Key management personnel of our Company as disclosed in "*Our Management - Key Management Personnel*" on page 150
Memorandum of Association/ MoA	Memorandum of Association of our Company, as amended from time to time
Nomination and Remuneration Committee	Nomination and remuneration committee of our Company, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations
Promoter Group	Persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(zb) of the SEBI Regulations, as disclosed in "*Our Promoter and Promoter Group*" on page 154
Promoters	Promoters of our Company, being, Rajendra Shantilal Shah, Harish Ranjit Rangwala, Vishal Rangwala, Pilak Rajendra Shah and Munjal Rangwala
Registered Office/Registered Office and Corporate Office	Registered office of our Company located at Sarkhej-Bavla Road, PO Changodar, Ahmedabad, 382 213
Registrar of Companies/RoC	Registrar of Companies, Gujarat at Ahmedabad
Restated Consolidated Financial Statements	Our restated consolidated financial statements as at and for each of the Fiscals 2014, 2015, 2016, 2017 and 2018, comprising of statements of balance sheet, profit and loss and cash flow, together with the annexures and notes thereto and the examination report, thereon, as prepared and presented in accordance with Ind AS or Indian GAAP, as applicable, in each case restated in accordance with the requirements of Section 26 of the Companies Act, 2013, the SEBI Regulations and the Guidance Note on "Reports in Company Prospectus (Revised 2016)" issued by ICAI
Restated Financial Statements	Restated Consolidated Financial Statements and Restated Standalone Financial Statements
Restated Standalone Financial Statements	Our restated standalone financial statements as at and for each of the Fiscals 2014, 2015, 2016, 2017 and 2018, comprising of statements of balance sheet, profit and loss and cash

Term	Description
	flow, together with the annexures and notes thereto and the examination report, thereon, as prepared and presented in accordance with Ind AS or Indian GAAP, as applicable, in each case restated in accordance with the requirements of Section 26 of the Companies Act, 2013, the SEBI Regulations and the Guidance Note on "Reports in Company Prospectus (Revised 2016)" issued by ICAI
Shareholders	Shareholders of our Company from time to time
Stakeholders' Relationship Committee	Stakeholders' relationship committee of our Company, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations
Subsidiaries	Subsidiaries of our Company in terms of Companies Act, 2013, namely, Aastha Tools Private Limited, Harsha Engineers Components (Changshu) Co. Ltd., Harsha Precision Bearing Components (China) Co. Ltd., Harsha Engineers B.V, Harsha Engineers Europe SRL (Formerly known as Johnshon Metal SA) and Harsha Engineers (India) Private Limited
Whole Time Director	Director of our company appointed in terms of Section 196 of Companies Act, 2013

Offer Related Terms

Term	Description
Acknowledgement Slip	Slip or document issued by the Designated Intermediary to a Bidder as proof of registration of the Bid cum Application Form
Allot/Allotment/Allotted	Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Fresh Issue and transfer of the Offered Shares pursuant to the Offer for Sale to the successful Bidders
Allotment Advice	Note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
Allottee	Successful Bidder to whom the Equity Shares are Allotted
Anchor Investor	Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI Regulations and the Red Herring Prospectus
Anchor Investor Allocation Price	Price at which Equity Shares will be allocated to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus which will be decided by our Company and the Selling Shareholders in consultation with the Book Running Lead Managers
Anchor Investor Application Form	Form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and Prospectus
Anchor Investor Bid/Offer Period	One Working Day prior to the Bid/Offer Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed
Anchor Investor Escrow Account	Account to be opened with the Escrow Collection Bank and in whose favour the Anchor Investors will transfer money through NACH/NECS/direct credit/NEFT/RTGS in respect of the Bid Amount when submitting a Bid
Anchor Investor Offer Price	Final price at which the Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company and the Selling Shareholders in consultation with the Book Running Lead Managers
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by our Company in consultation with the Selling Shareholders and the Book Running Lead Managers, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price
Application Supported by Blocked Amount or ASBA	Application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorize an SCSB to block the Bid Amount in the ASBA Account
ASBA Account	Bank account maintained with an SCSB and specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the ASBA Form
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidders	All Bidders except Anchor Investors
ASBA Form	Application form, whether physical or electronic, used by ASBA Bidders which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Axis	Axis Capital Limited
Bankers to the Offer	Escrow Collection Bank, Public Offer Bank and Refund Bank, as the case may be
Basis of Allotment	Basis on which Equity Shares will be Allotted to successful Bidders under the Offer and which is described in "*Offer Procedure – Part B – General Information Document for Investing in Public Issues – Allotment Procedure and Basis of Allotment*" on page 402

Term	Description
Bid	Indication to make an offer during the Bid/Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bid/Offer Period by an Anchor Investor, pursuant to submission of the Anchor Investor Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI Regulations and in terms of the Red Herring Prospectus and the Bid cum Application Form. The term "Bidding" shall be construed accordingly
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid However, Eligible Employees applying in the Employee Reservation Portion, subject to the Bid Amount being up to ₹ 200,000 and Retail Individual Bidders can apply at the Cut-Off Price and the Bid amount shall be Cap Price multiplied by the number of Equity Shares Bid for by such Eligible Employee and mentioned in the Bid cum Application Form. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹ 500,000 on a net basis. However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 200,000. Only in the event of an under-subscription in the Employee Reservation Portion post the initial allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹ 200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000
Bid cum Application Form	Anchor Investor Application Form or the ASBA Form, as the context requires
Bid Lot	[●] Equity Shares
Bid/Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, which shall be notified in all editions of the English national daily newspaper, [●], all editions of the Hindi national daily newspaper, [●] and [●] editions of the Gujarati daily newspaper, [●] (Gujarati being the regional language of Gujarat, where our Registered Office is located), each with wide circulation. Our Company and the Selling Shareholders may, in consultation with the Book Running Lead Managers, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI Regulations
Bid/Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, which shall be notified in all editions of the English national daily newspaper, [●], all editions of the Hindi national daily newspaper, [●] and [●] editions of the Gujarati daily newspaper, [●] (Gujarati being the regional language of Gujarat, where our Registered Office is located), each with wide circulation
Bid/Offer Period	Except in relation to Anchor Investors, the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor
Bidding Centers	Centers at which Designated Intermediaries shall accept the ASBA Forms, i.e., Designated Branches for SCSBs, Specified Locations for Syndicate, Broker Centers for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	Book building process, as provided in Schedule XI of the SEBI Regulations, in terms of which the Offer is being made
Book Running Lead Managers	Book running lead managers to the Offer, being Axis Capital Limited and Edelweiss Financial Services Limited
Broker Centers	Centers notified by the Stock Exchanges where Bidders can submit the ASBA Forms to a Registered Broker. The details of such Broker Centers, along with the names and contact details of the Registered Broker are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
CAN/Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bid/Offer Period
Cap Price	Higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted
Cash Escrow Agreement	Agreement to be entered amongst our Company, the Selling Shareholders, the Book Running Lead Managers, the Bankers to the Offer and the Registrar to the Offer for collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Offer Account and where applicable, refunds of the amounts collected from Bidders, on the terms and conditions thereof

Term	Description
Client ID	Client identification number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDP	Depository Participant registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI as per the list available on the websites of BSE and NSE
Cut-off Price	Offer Price, finalised by our Company and the Selling Shareholders in consultation with the Book Running Lead Managers, which shall be any price within the Price Band. Only Retail Individual Bidders and Eligible Employees under the Employee Reservation Portion (subject to the Bid Amount being up to ₹ 200,000) are entitled to Bid at the Cut-off Price. Eligible Employees applying for the Bid Amount above ₹ 200,000 under the Employee Reservation Portion, QIBs (including Anchor Investors) and Non-Institutional Investors, are not entitled to Bid at the Cut-off Price
Demographic Details	Details of the Bidders including the Bidders' address, name of the Bidders' father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other website as may be prescribed by SEBI from time to time
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Date	Date on which funds are transferred by the Escrow Collection Bank from the Anchor Investor Escrow Account to the Public Offer Account or the Refund Account, as the case maybe, and instructions are given to the SCSBs to unblock the ASBA Accounts and transfer the amounts blocked by the SCSBs, from the ASBA Accounts, as the case may be, to the Public Offer Account or the Refund Account, as appropriate, in terms of the Red Herring Prospectus and the aforesaid transfer and instructions shall be issued only after finalisation of Basis of Allotment in consultation with the Designated Stock Exchange
Designated Intermediary(ies)	Syndicate, sub-syndicate/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorized to collect ASBA Forms from the ASBA Bidders, in relation to the Offer
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Stock Exchange	[●]
Draft Red Herring Prospectus or DRHP	This draft red herring prospectus dated August 20, 2018 issued in accordance with the SEBI Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer
Edelweiss	Edelweiss Financial Services Limited
Eligible Employee	All or any of the following: (a) A permanent and full-time employee of our Company or Subsidiaries, as on the date of filing of the Red Herring Prospectus with the RoC and who continues to be a permanent and full-time employee until the submission of the ASBA Form and is based, working and present in India or abroad as on the date of submission of the ASBA Form; or (b) a Director of our Company, whether a Whole Time Director or otherwise, (excluding our Promoters and Promoter Group and other Directors not eligible to invest in the Offer under applicable laws, rules, regulations and guidelines) as of the date of filing of the Red Herring Prospectus with the RoC and who continues to be a Director until submission of the ASBA Form and is based, working and present in India or abroad as on the date of submission of the ASBA Form. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹ 500,000. However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 200,000. Only in the event of an under-subscription in the Employee Reservation Portion post the initial Allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹ 200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000
Eligible NRI(s)	NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the ASBA Form and the Red Herring Prospectus will constitute an invitation to subscribe to or to purchase the Equity Shares

Term	Description
Employee Reservation Portion	The portion of the Offer being up to [●] Equity Shares aggregating to ₹ [●] million, available for allocation to Eligible Employees, on a proportionate basis
Escrow Collection Banks	Bank which is a clearing member and registered with SEBI as a banker to an issue and with whom the Anchor Investor Escrow Account will be opened, in this case being [●]
First Bidder	Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names
Floor Price	Lower end of the Price Band, subject to any revision thereto, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted
Fresh Issue	Issuance of up to [●] Equity Shares aggregating up to ₹ 3,700 million by our Company
General Information Document/GID	General Information Document prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI, as amended from time to time, suitably modified and included in "*Offer Procedure*" beginning on page 385
Maximum RIB Allottees	Maximum number of RIBs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot, subject to valid Bids being received at or above the Offer Price
Mutual Fund Portion	5% of the QIB Portion (excluding the Anchor Investor Portion), or [●] Equity Shares which shall be available for allocation to Mutual Funds only, subject to valid Bids being received at or above the Offer Price
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Net Offer	The Offer less the Employee Reservation Portion
Net Proceeds	Proceeds of the Fresh Issue less our Company's share of the Offer expenses. For further details regarding the use of the Net Proceeds and the Offer expenses, see "*Objects of the Offer*" beginning on page 78
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount of more than ₹200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Portion	Portion of the Net Offer being not less than 15% of the Net Offer consisting of [●] Equity Shares which shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price
Non-Resident	Person resident outside India, as defined under FEMA and includes a non-resident Indian, FVCIs and FPIs
Offer	The initial public offer of up to [●] Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] each (including a share premium of ₹ [●] per Equity Share for the Fresh Issue), aggregating up to ₹ [●] million, consisting of the Fresh Issue and the Offer for Sale The Offer comprises the Net Offer and Employee Reservation Portion
Offer Agreement	Agreement dated August 20, 2018 entered amongst our Company, the Selling Shareholders and the Book Running Lead Managers, pursuant to which certain arrangements are agreed to in relation to the Offer
Offer for Sale	Offer for sale of up to 1,325,000 Equity Shares by the Selling Shareholders aggregating up to ₹ [●] million
Offer Price	Final price at which Equity Shares will be Allotted to Bidders other than Anchor Investors. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price in terms of the Red Herring Prospectus. The Offer Price will be decided by our Company and the Selling Shareholders in consultation with the Book Running Lead Managers on the Pricing Date
Offer Proceeds	Proceeds of the Offer that are available to our Company and the Selling Shareholder
Offered Shares	Up to 1,325,000 Equity Shares aggregating to ₹ [●] million offered by the Selling Shareholders by way of the Offer for Sale
Price Band	Price band of a minimum price of ₹ [●] per Equity Share (Floor Price) and the maximum price of ₹ [●] per Equity Share (Cap Price) including any revisions thereof. The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company and the Selling Shareholders in consultation with the Book Running Lead Managers, and will be advertised, at least five Working Days prior to the Bid/Offer Opening Date, in all editions of the English national daily newspaper [●], all editions of the Hindi national daily newspaper [●], and [●] editions of the Gujarati daily newspaper [●] (Gujarati being the regional language of Gujarat, where our Registered Office is located), each with wide circulation
Pricing Date	Date on which our Company and the Selling Shareholders in consultation with the Book Running Lead Managers, will finalise the Offer Price
Promoter Group Selling Shareholders	Nirmala Rajendra Shah and Charusheela Harish Rangwala

Term	Description
Promoter Selling Shareholders	Rajendra Shantilal Shah and Harish Ranjit Rangwala
Prospectus	Prospectus to be filed with the RoC after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI Regulations containing, *inter alia*, the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information, including any addenda or corrigenda thereto
Public Offer Account	Bank account to be opened under Section 40(3) of the Companies Act, 2013 to receive monies from the Anchor Investor Escrow Account and ASBA Accounts on the Designated Date
Public Offer Bank	Bank which is a clearing member and registered with SEBI as a banker to an issue and with whom the Public Offer Account will be opened, in this case being [●]
QIB Portion	Portion of the Net Offer (including the Anchor Investor Portion) being 50% of the Net Offer or [●] Equity Shares, which shall be available for allocation to QIBs, including the Anchor Investors, subject to valid Bids being received at or above the Offer Price
Qualified Institutional Buyers or QIBs or QIB Bidders	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI Regulations
Red Herring Prospectus or RHP	Red Herring Prospectus to be issued in accordance with Section 32 of the Companies Act, 2013 and the provisions of the SEBI Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer including any addenda or corrigenda thereto. Red Herring Prospectus will be registered with the RoC at least three days before the Bid/Offer Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date
Refund Account	Account to be opened with the Refund Bank, from which refunds, if any, of the whole or part of the Bid Amount to the Bidders shall be made
Refund Bank	Bank which is a clearing member and registered with SEBI as a banker to an issue and with whom the Refund Account will be opened, in this case being [●]
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals, other than the Book Running Lead Managers and the Syndicate Members and eligible to procure Bids in terms of Circular No. CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI
Registrar Agreement	Agreement dated August 20, 2018 entered amongst our Company, the Selling Shareholders and the Registrar to the Offer, in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI as per the list available on the websites of BSE and NSE
Registrar to the Offer /Registrar	Link Intime India Private Limited
Retail Individual Bidder(s)/RIB(s)	Individual Bidders, who have Bid for the Equity Shares for an amount not more than ₹200,000 in any of the bidding options in the Offer (including HUFs applying through their Karta and Eligible NRIs)
Retail Portion	Portion of the Net Offer being not less than 35% of the Net Offer consisting of [●] Equity Shares which shall be available for allocation to Retail Individual bidders (subject to valid bids being received at or above the Offer Price), which shall not be less than the minimum Bid Lot subject to availability in the Retail Portion, and the remaining Equity Shares to be Allotted on a proportionate basis
Revision Form	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Form(s) or any previous Revision Form(s). QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and Eligible Employees, can revise their Bids during the Bid/ Offer Period and withdraw their Bids until Bid/ Offer Closing Date
Self-Certified Syndicate Bank(s) or SCSB(s)	Banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries and updated from time to time
Selling Shareholders	Promoter Selling Shareholders collectively with the Promoter Group Selling Shareholders
Share Escrow Agent	Escrow agent appointed pursuant to the Share Escrow Agreement, namely, [●]
Share Escrow Agreement	Agreement to be entered amongst our Company, the Selling Shareholders and the Share Escrow Agent in connection with the transfer of the Offered Shares by the Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees
Specified Locations	Bidding Centers where the Syndicate shall accept ASBA Forms from Bidders
Syndicate	Book Running Lead Managers and the Syndicate Members
Syndicate Agreement	Agreement to be entered amongst our Company, the Selling Shareholders, the Book Running Lead Managers and the Syndicate Members, in relation to collection of Bids by the members of the Syndicate

Term	Description
Syndicate Members	Intermediaries registered with SEBI who is permitted to carry out activities as an underwriter, namely, [●]
Systemically Important Non-Banking Financial Company	Systemically important non-banking financial company as defined under Regulation 2(1)(zla) of the SEBI Regulations
Underwriters	[●]
Underwriting Agreement	Agreement to be entered amongst our Company, the Selling Shareholders and the Underwriters to be entered into on or after the Pricing Date
Working Day	All days other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Offer Period, shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and with reference to the time period between the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016

Technical/Industry Related Terms/Abbreviations

Term	Description
AHU	Air handling unit
CAGR	Compounded annual growth rate (as a %) : (End Year/Base Year) ^ (1/No. of years between Base year and End year) – 1 [^ denotes 'raised to']
CMM	Coordinate measuring machine
CNC	Computer numerical control
CSR	Corporate social responsibility
DMG	Deckel-Maho-Gildemeister
EDM	Electrical discharge machining
HVAC	Heating, ventilation and air conditioning
LED	Light emitting diode
OEMs	Original equipment manufacturers
RC	Reinforced concrete
RCC	Reinforced cement concrete
VMC	Vertical machining centre

Conventional and General Terms or Abbreviations

Term	Description
₹/Rs./Rupees/INR	Indian Rupees
A.Y.	Assessment Year
AGM	AGM
AIF	Alternative Investment Fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
Air Act	Air (Prevention and Control of Pollution) Act, 1981
AS/Accounting Standards	Accounting Standards issued by the Institute of Chartered Accountants of India
BSE	BSE Limited
Category I AIF	AIFs who are registered as "Category I Alternative Investment Funds" under the SEBI AIF Regulations
Category II AIF	AIFs who are registered as "Category II Alternative Investment Funds" under the SEBI AIF Regulations
Category II Foreign Portfolio Investors	FPIs who are registered as "Category II foreign portfolio investors" under the SEBI FPI Regulations
Category III AIF	AIFs who are registered as "Category III Alternative Investment Funds" under the SEBI AIF Regulations
Category III Foreign Portfolio Investors	FPIs who are registered as "Category III foreign portfolio investors" under the SEBI FPI Regulations
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
CIT	Commissioner of Income Tax
Civil Code	The Code of Civil Procedure, 1908
Companies Act	Companies Act, 1956 and Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the sections of the Companies Act, 2013) along with the relevant rules made thereunder

Term	Description
Companies Act, 2013	Companies Act, 2013, to the extent in force pursuant to the notification of sections of the Companies Act, 2013, along with the relevant rules made thereunder
Contract Labour Act	Contract Labour (Regulation and Abolition) Act, 1970
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
DP ID	Depository Participant Identification
DP/Depository Participant	Depository participant as defined under the Depositories Act
EBITDA	Earnings before interest, taxes, depreciation and amortisation = Total operating revenue (net) – total expenses (includes employee benefits expense and other expenses)
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
Factories Act	Factories Act, 1948
FDI	Foreign direct investment
FDI Policy	Consolidated Foreign Direct Investment Policy notified by the DIPP through notification dated August 28, 2017 effective from August 28, 2017
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations there under
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017
Financial Year/Fiscal/FY	Unless stated otherwise, the period of 12 months ending March 31 of that particular year
FIR	First Information Report
FPI(s)	Foreign portfolio investors as defined under the SEBI FPI Regulations
FVCI	Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations
GAAR	General Anti Avoidance Rules
Gazette	Gazette of India
GIR	General Index Register
GoI or Government or Central Government	Government of India
GPCB	Gujarat Pollution Control Board
GST	Goods and Services Tax
Hazardous Wastes Rules	Hazardous Wastes (Management, Handling & Transboundary) Rules, 2016
HUF	Hindu Undivided Family
ICAI	The Institute of Chartered Accountants of India
IEM	Industrial Entrepreneur Memorandum
IFRS	International Financial Reporting Standards
India	Republic of India
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial public offering
IST	Indian Standard Time
IT	Information Technology
IT Act	The Income Tax Act, 1961
Listing Agreement	Listing Agreement to be entered amongst our Company with the Stock Exchanges
Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
MCA	Ministry of Corporate Affairs
MCI	Ministry of Commerce and Industry
MICR	Magnetic Ink Character Recognition
NACH	National Automated Clearing House
NAV	Net Asset Value
NECS	National Electronic Clearing Services
NEFT	National Electronic Fund Transfer
NRI	Person resident outside India, who is a citizen of India or a person of Indian origin, and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB/Overseas Corporate Body	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

Term	Description
	general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer
p.a.	Per annum
P/E	Price/earnings
P/E Ratio	Price/earnings ratio
PAN	Permanent account number
PAT	Profit after tax
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended
Regulation S	Regulation S under the U.S. Securities Act
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
SEBI ESOP Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 as repealed pursuant to the SEBI AIF Regulations
State Government	The government of a state in India
Stock Exchanges	BSE and NSE
STT	Securities transaction tax
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
TAN	Tax deduction account number
U.S. Securities Act	U.S. Securities Act of 1933, as amended
U.S./USA/United States	United States of America
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations
Water Act	Water (Prevention and Control of Pollution) Act, 1974

CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Certain Conventions

All references in this Draft Red Herring Prospectus to: "India" are to the Republic of India; "China" are to the Peoples Republic of China; and "United States" or "USA" or "US" are to the United States of America.

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

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

Unless the context requires otherwise, all reference to the terms "We/us/our" refers to our Company, together with our subsidiaries.

Financial Data

Unless otherwise stated or required pursuant to the relevant context, the financial data included in this Draft Red Herring Prospectus is derived from the Restated Financial Statements. The Restated Financial Statements included in this Draft Red Herring Prospectus have been prepared and presented in accordance with Ind AS or Indian GAAP, as applicable, and restated in accordance with the requirements of Section 26 of the Companies Act, 2013, the SEBI Regulations and the Guidance Note on "Reports in Company Prospectus (Revised 2016)" issued by ICAI.

Our Restated Financial Statements have been prepared in accordance with Ind AS for Fiscals 2108, 2017 and 2016 and in accordance with Indian GAAP for Fiscals 2015 and 2014. There are significant differences between Ind AS and US GAAP and IFRS. Our Company does not provide reconciliation of its financial information to IFRS or US GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you should consult your own advisors regarding such differences and their impact on our Company's financial data. For details in connection with risks involving differences between Ind AS, US GAAP and IFRS see "*Risk Factors – Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, IFRS and U.S. GAAP, which may be material to investors' assessment of our financial condition*" on page 28. Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, the Companies Act and the SEBI Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures in decimals, including percentage figures, have been rounded off to the second decimal.

Our Company's financial year commences on April 1 and ends on March 31 of the next year; accordingly, all references to a particular financial year, unless stated otherwise, are to the 12 month period ended on March 31 of that year.

Unless the context requires otherwise, any percentage amounts, as set forth in "*Risk Factors*", "*Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 13, 112 and 321, respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of the Restated Financial Statements.

Currency and Units of Presentation

All references to:

- "Rupees" or "₹" or "INR" or "Rs." are to Indian Rupee, the official currency of the Republic of India;
- "USD" or "US$" are to United States Dollar, the official currency of the United States;
- "Euro" or "€" are to Euro, the official currency of the Eurozone;
- "JPY" are to the Japanese Yen, the official currency of the state of Japan;
- "RON" are to Romanian leu, the official currency of Romania; and
- "RMB"/"CNY" are to Renminbi, the official currency of China.

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

Exchange Rates

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

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

(in ₹, unless indicated otherwise)

Currency	As on March 31, 2018	As on March 31, 2017	As on March 31, 2016	As on March 31, 2015	As on March 31, 2014
1 USD	65.04	64.84	66.33	62.59	60.10
1 Euro	80.62	69.25	75.10	67.51	82.58
1 RON	17.10	15.53	16.75	15.75	18.47
1 RMB (CNY)	10.10	9.70	10.29	10.10	10.05
100 JPY	61.54	57.96	59.06	52.11	58.83

Source: RBI Reference Rate for USD, JPY and Euro and www.oanda.com for RON and RMB (CNY), unless otherwise specified.

Note: In case exchange rates for a given date are not available, the exchange rates for the previous day have been considered.

Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Red Herring Prospectus has been obtained or derived from publicly available information as well as various industry publications and sources. Further, information has also been derived from research reports titled "Metal Stamping Market – Global Insights, Growth Size, Comparative Analysis, Trends and Forecast, 2018 – 2026" and "Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026", both prepared by Research N Reports, which have been commissioned by our Company. For risks in relation to commissioned reports, see "*Risk Factors – We have commissioned industry reports from certain agencies, which have been used for industry related data in this Draft Red Herring Prospectus and such data has not been independently verified by us.*" on page 24.

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 the industry and market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified by us, the Book Running Lead Managers, or any of their respective affiliates or advisors. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable.

The extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which business of our Company is conducted, and methodologies and assumptions may vary widely among different 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*" beginning on page 13. Accordingly, investment decisions should not be based solely on such information.

In accordance with the SEBI Regulations, "*Basis for the Offer Price*" beginning on page 90 includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither we, nor the Book Running Lead Managers, or any of their respective affiliates or advisors, have independently verified such information.

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*", "*will continue*", "*will pursue*", "*seek to*" or other words or phrases of similar import. Similarly, statements that describe our Company's strategies, objectives, plans, prospects or goals are also forward-looking statements. Moreover, all forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Actual results of operation may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated without expectations with respect to, but not limited to, regulatory changes pertaining to the sector in which we operate and our ability to respond to them, our ability to successfully implement our strategies, our growth and expansion, technological changes, our Company's exposure to market risks, general economic and political conditions in India which have an impact on our Company's business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the industry we operate in.

Certain important factors that could cause actual results to differ materially from our Company's expectations include, but are not limited to, the following:

- Loss of any of our major customer groups due to any adverse development or significant reduction in business from our major customer groups;
- Inability to maintain our relationships with our agents or deficiency in the service provided by such agents;
- Inability to comply with the applicable laws and regulations or obtain the necessary approvals;
- Exposure to foreign currency exchange rate fluctuations;
- Failure to comply with operational and financial covenants included in our financing agreements;
- Failure to comply with the strict quality requirements, customer inspections and audits; and
- Geographical concentration of the production facilities.

For further details, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 13, 112 and 321, respectively. By their nature, certain risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

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

Forward-looking statements reflect the current views of our Company as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on the management's beliefs and assumptions, which in turn are based on currently available information. Although the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, our Directors, the Selling Shareholders, the Book Running Lead Managers, the Syndicate Members nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with the SEBI Regulations and the Listing Regulations, our Company and the Book Running Lead Managers will ensure that investors in India are informed of material developments from the date of this Draft Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges.

In accordance with requirements of SEBI and as prescribed under applicable law, the Selling Shareholders shall ensure that the Bidders in India are informed of material developments, in relation to statements and undertakings specifically undertaken or confirmed by the Selling Shareholders in relation to themselves and the Offered Shares in the Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges. Only statements and undertakings which are specifically "confirmed" or "undertaken" by the Selling Shareholders, as the case may be, in this Draft Red Herring Prospectus shall be deemed to be statements and undertakings made by the Selling Shareholders.

SECTION II: RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks described below are not the only ones relevant to us or our Equity Shares, the industry and segments in which we currently operate or propose to operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our businesses, results of operations, financial condition and cash flows. If any of the following risks, or other risks that are not currently known or are currently deemed immaterial, actually occur, our businesses, results of operations, financial condition and cash flows could suffer, the trading price of our Equity Shares could decline and you may lose all or part of your investment. To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with "Our Business", "Industry Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 112, 96 and 321, respectively, as well as the financial, statistical and other information contained in this Draft Red Herring Prospectus. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Offer including the merits and risks involved. You should consult your tax, financial and legal advisers about the particular consequences to you of an investment in our Equity Shares.

Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment, which may differ in certain respects from that of other countries. This Draft Red Herring Prospectus also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. For details, see "Forward-Looking Statements" on page 12.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section.

Internal Risk Factors

Risks relating our business

1. We depend on a limited number of customer groups for a significant portion of our revenue. The loss of any of our major customer groups due to any adverse development or significant reduction in business from our major customer groups may adversely affect our business, financial condition, results of operations and future prospects.

We have in the past derived a significant portion of our revenue from limited number of customer groups and we may continue to derive a significant portion of our revenue from such customer groups. As per our Restated Consolidated Financial Statements, our revenue from our top five customer groups on a consolidated basis constituted 89.18%, 89.76% and 88.04% of our total consolidated revenue for Fiscals 2018, 2017 and 2016, respectively.

As our business is currently concentrated to a select number of customer groups, any adverse development with such customer groups, including as a result of a dispute with or disqualification by such major customer group, may result in us experiencing significant reduction in our cash flows and liquidity. If our customer groups are able to fulfil their requirements through any of our existing or new competitors, providing products with better quality and / or cheaper cost, we may lose significant portion of our business. Additionally, consolidation of any of our customer groups may also adversely affect our existing relationships and arrangements with such customer groups, and any of our customer groups that are acquired may cease to continue the businesses that require products manufactured by us. Further, in the event our major customer groups face any form of adverse effect due to exigent circumstances, resulting in a sustained decline in the demand for their products, including due to macroeconomic factors affecting the economy in general, could prompt them to reduce their production volumes, in turn affecting their demand for our products. For instance in 2007, and particularly during the second half of 2008, the global markets generally were materially and adversely effected by significant declines in the values of nearly all asset classes, including a serious lack of liquidity, due to such lack of liquidity, our major customers significantly reduced their production levels, which in turn adversely affected our financial condition and results of operations. The volume and timing of sales to our major customer groups may also adversely vary due to variation in: (i) management of inventory levels; (ii) niche choices of raw materials for our products manufactured; (iii) bespoke requirements; (iv) product mix; (v) manufacturing strategy; and (vi) growth strategy.

Furthermore, we do not have firm commitment in the form of long-term supply agreements with our customer groups and instead rely on purchase orders and long-term framework agreements to govern the volume and other terms of our sales of products. Majority of the purchase orders we receive from our customer groups specify a price per unit and delivery schedule, and the quantities to be delivered are determined closer to the date of delivery. However, such purchase orders may be amended or cancelled prior to finalisation, and should such an amendment or cancellation take place, our production schedules or inventory levels may be adversely affected. Further, where we have long-term framework agreements with customers, such agreements can be terminated by our customers with or without cause and with little or no form of compensation. There can be no assurance that upon expiry of the long-term framework agreements, our customers will re-enter into such agreements with us in a timely manner and at terms favourable to us or at all. Consequently, there is no commitment on the part of our major customer groups to continue to place new purchase orders with us and as a result, our cash flow and consequent revenue may fluctuate significantly from time to time. Further, we may not find any other customers for the surplus or excess capacity, in which case we may be forced to incur a loss.

2. ***We are dependent upon our network of agents for fulfilment of needs of our customers. Our inability to maintain our relationships with our agents or deficiency in the service provided by such agents may adversely affect our revenue and profitability.***

We depend on our network of agents for, *inter alia,* business development in certain jurisdictions, cargo handling, transportation, warehousing and delivery at the destination and load port for export cargo and import cargo respectively. For this purpose, we enter into memoranda and agreements with such agents, and such arrangements are generally for a period of one year and generally renewable pursuant to mutual consent. We cannot provide assurance that such arrangements as aforesaid will continue to be successful or be renewed after expiry of the stipulated term. Any alteration to or termination of our current agreements with agents, any failure to enter into new and similar agreements on commercially favourable terms or at all, could materially adversely affect our business, financial condition, prospects or results of operations.

We have limited control over the operations and businesses of such agents in the event any such agents treat our competitors' more favourably than us. Our competitors may also provide greater incentives to our agents, consequent to which our agents may choose to act only on behalf of our competitors instead of us. We cannot assure you that we will be able to obtain access to preferred third-party vendors for our leased space, equipment, vehicles or independent contractors, or at attractive rates or that these vendors will have adequate available capacity to meet our needs or be able to meet our requirements in a timely manner. As a result, our operations may be disrupted and our financial condition and results of operations could be adversely affected. Additionally, our reliance on, and inability to control such agents, could adversely affect our business, financial condition and results of operations.

3. ***We are subject to various laws, regulations, approvals and licenses required in the ordinary course of business, including environmental, health and safety laws and other regulations. We are yet to receive or renew certain approvals or licenses required in the ordinary course of business including, with respect to our primary production facilities in Changodar and Moraiya in India and failure to obtain, renew or comply with necessary regulatory approvals and licenses may adversely affect our operations and have an impact on our financial condition.***

Our business and operations are subject to a number of approvals, licenses, registrations and permissions for construction of our production facilities and operating our business and such production facilities, in addition to extensive government regulations for protection of the environment and occupational health and safety, and those governing the generation, transportation and disposal of, environmental pollutants or hazardous materials resulting from our production facilities. We may have either made or are in the process of making an application or renewal for obtaining necessary approvals that are not in place or have expired. We may need to apply for additional approvals including the renewal of approvals which may expire from time to time, in the ordinary course of business. For instance, our primary production facilities at Changodar and Moraiya in India do not possess certain construction approvals required from the relevant authorities for certain expansion at Changodar and Moraiya, which contributes a significant portion of our consolidated revenue from operations. For instance, in respect of our primary production facilities at Changodar and Moraiya in India, we have applied for technical scrutiny of the applicable lay-out plans before the office of the town planner, Ahmedabad on July 27, 2018. Further, we have applied before the respective gram panchayat for applicable gram panchayat approvals for construction and expansion at our Changodar and Moraiya facilities on August 9, 2018. We have also applied for inspection of installed fire safety systems and issuance of fire no objection certificates with the chief fire officer for our facilities at Changodar and Moraiya dated August 9, 2018 and August 8, 2018, respectively. In relation to the production facility of HEESRL at Romania, the Inspectorate for Emergency Situations "Tara Barsei" has provided a checklist for meeting the requirements for fire prevention approval, and as per the checklist the process of construction of fire resistant walls is currently underway. For further details of the aforesaid applications see, "*Government and Other Approvals"* beginning on page 350. While we have made applications for obtaining approvals/ licences in respect of our business and our production facilities, the approvals are yet to be received and accordingly, we cannot assure you that such pending approvals/ licences will be received in time for us to not face or be subject to any adverse effect on our business plans and results of operations. In the event that we fail to obtain any such approvals or licenses, or renewals thereof, in a timely manner, or at all, our business could be adversely affected and our production facilities may face an adverse effect resulting in a limitation to operate our production facilities at full capacity or at all.

Additionally, we are subject to the terms and conditions stipulated under the approvals or licenses held by us, including the obligation to renew the approval or license at regular intervals as prescribed. If we fail to obtain or comply with such laws and regulations, or the conditions of the licenses or approvals obtained by us, we could be subject to significant fines, penalties, costs, liabilities or restrictions on operations, which could negatively affect our financial condition. For instance, our primary production facilities at Changodar and Moraiya in India have received multiple show cause notices from the GPCB for, *inter alia,* alleged non-compliance of environment laws and regulations in relation to Hazardous Wastes Rules, Air and Water Act. Whilst we believe we have adequately responded to all show cause notices and taken adequate measures to comply with applicable environment laws, such replies do not preclude

GPCB from issuing notices for further non-compliances in the future or any non-compliance which may have occurred in the past. Any failure to comply with existing regulations, or any change in existing regulations and compliance requirements, could subject us to penal actions including termination of our business and monetary fines and/or increase our compliance costs and in turn, adversely affect our business or results of operations. We also cannot assure you that the approvals, licenses, registrations or permits issued to us may not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action.

4. ***We are exposed to foreign currency exchange rate fluctuations, which may adversely affect our results of operations and cause our quarterly results to fluctuate significantly.***

We face foreign exchange rate risk to the extent that our revenue, expenses, assets or liabilities are denominated in a currency other than the Indian Rupee. For Fiscal 2018, as per our Restated Standalone Financial Statements 54.35% of our total revenue and 2.68% of our total expenses were denominated in foreign currencies. A portion of our equipment purchases, a portion of our material costs, a portion of our interest cost and third party warehouse expenses are denominated in foreign currencies, while a significant portion of our revenue is also denominated in foreign currencies. Based on our geographical presence and business operations worldwide, we primarily deal in USD, Euro, RMB and RON. Our foreign currency exposures, exchange rate fluctuations between the Indian Rupee and foreign currencies, especially the USD, Euro, RMB and RON, may have a material impact on our results of operations, cash flows and financial condition.

The exchange rate between the Indian Rupee and U.S. Dollar has been volatile in recent periods. According to RBI, the Rupee to USD exchange rate as at March 31, 2018, March 31, 2017 and March 31, 2016 was ₹ 65.04, ₹64.84 and ₹66.33, respectively, per USD and the Rupee to Euro exchange rate as at March 31, 2018, March 31, 2017 and March 31, 2016 was ₹ 80.62, ₹69.25 and ₹75.10, respectively, per Euro, additionally, according to www.oanda.com, the Rupee to RON exchange rate as at March 31, 2018, March 31, 2017 and March 31, 2016 was ₹ 17.10, ₹15.53 and ₹16.75, respectively, per RON and the Rupee to RMB exchange rate as at March 31, 2018, March 31, 2017 and March 31, 2016 was ₹ 10.10, ₹9.70 and ₹10.29, respectively, per RMB. 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.

While we seek to hedge our foreign currency risk by entering into forward exchange contracts, any steps undertaken to hedge the risks on account of fluctuations in currencies may not adequately hedge against any losses we incur due to such fluctuations. Our net foreign exchange gain for Fiscals 2018 and 2017, as per our Restated Consolidated Financial Statements was ₹ 184.43 million and ₹ 9.24 million, respectively, and net foreign exchange loss for Fiscal 2016, as per our Restated Consolidated Financial Statements was ₹ 58.04 million.

As on March 31, 2018, our total un-hedged foreign currency receivables amounted to ₹ 1,797.93 million, our total un-hedged foreign currency loans and borrowings amounted to ₹ 70.24 million, supplier advances amounted to ₹ 34.43 million, while our total un-hedged foreign currency payables amounted to ₹ 1.33 million. For details, see "*Management's Discussion and Analysis of Financial Condition*" on page 321.

5. ***Our Company, our Subsidiaries, Directors, Promoters and Group Companies are involved in legal proceedings. Any adverse decision in such proceedings may render us/them liable to liabilities/penalties and may adversely affect our business and results of operations.***

Our Company, our Directors, our Subsidiaries, Promoters and certain of our Group Companies are currently involved in certain legal proceedings or have been involved in past regulatory or statutory actions. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. The summary of outstanding litigation in relation to criminal matters, direct tax matters, indirect tax matters, actions by regulatory/ statutory authorities and matters above the materiality threshold against our Company, and our Subsidiaries, Promoters, Group Companies and Directors have been set out below.

Litigation involving our Company

Nature of cases	No. of outstanding cases	Amount involved (in ₹ million)
Matters above the materiality threshold of ₹ 6.08 million	6*	70.64*
Direct Tax matters	5	62.09
Indirect Tax matters	14	29.38

** Includes the five Direct Tax matters cumulatively amounting to ₹ 62.09 million (as set out separately herein above), each of which is individually above the materiality threshold of ₹ 6.08 million*

Litigation involving our Group Companies

Nature of cases	No. of outstanding cases	Amount involved (in ₹ million)
Criminal cases	1	0.99

Matters above the materiality threshold of ₹ 6.08 million	3	287.09

For further details in relation to such proceedings and the materiality policy adopted for identification of material civil proceedings involving our Company, Subsidiaries, Directors, Promoters and our Group Companies, see "*Outstanding Litigation and Material Developments*" beginning on page 344. Decisions in any of the aforesaid proceedings adverse to our interests may have a material adverse effect on our business, results of operations, financial condition and prospects.

Such proceedings could divert management time and attention, and consume financial resources in their defence or prosecution. Should any new developments arise, such as any rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase expenses and current liabilities. Further, an adverse outcome in any of these proceedings may affect our reputation, standing and future business, and could have an adverse effect on our business, prospects, financial condition and results of operations. We cannot assure you that any of these proceedings will be decided in favour of our Company, Subsidiaries, Directors, Promoters and Group Companies, or that no further liability will arise out of these proceedings.

Additionally, in the past, our Directors Rajendra Shantilal Shah, Harish Ranjit Rangwala and Jitendra Ujamsi Mamtora were directors in a public listed entity Transformers & Rectifiers (India) Limited that has been subject to regulatory action by SEBI by virtue of failing to comply with minimum 25% public shareholding requirements as prescribed in rules 19(2)(b) and 19A of SCRR, read with section 21 of SCRA and clause 40(a) of the erstwhile listing agreement. Subsequent to which, Transformers & Rectifiers (India) Limited undertook a bonus issue of equity shares in the ratio of 1:9 to the public shareholders on June 18, 2013 in order to comply with the MPS norms and no further regulatory action was pursued against Transformers & Rectifiers (India) Limited, its directors, promoter and promoter group. For further details see "*Outstanding Litigation and Material Development*" beginning on page 344. We cannot assure you that our Promoters and Directors will not be subject to further regulatory action in relation thereto.

6. Our financing agreements impose certain restrictions on our operations, and our failure to comply with operational and financial covenants may adversely affect our reputation, business and financial condition.

Certain of our financing arrangements impose restrictions on the utilization of the loan for certain specified purposes only, such as for the purposes of meeting expenses for development and related activities. We are required to obtain prior consent from some of our lenders for, among other matters, amending our articles of association, our capital structure, changing the composition of our management or Board of Directors, undertaking merger or amalgamation, changing our constitution, issuance of further Equity Shares, making certain kinds of investments, declaring dividends, making certain payments (including payment of dividends, redemption of shares, prepayment of indebtedness, payment of interest on unsecured loans and investments), undertaking any new project or implementing any scheme of expansion or diversification, investing, lending, extending advances or placing deposits with any other concern, entering into borrowing arrangements with any other bank, financial institution or company, creating any charges, lien or encumbrances over its assets or undertaking or any part thereof in favour of any third party, selling, assigning, mortgaging or disposing off any fixed assets charged to a lender, making amendments to the memorandum of association and articles of association, effecting any change in the nature or scope of our projects or any change in the financing plan, creation of security interest in secured properties and raising further indebtedness.

In the past, we were in breach of a financial covenant in relation to maintenance of stipulated net worth in one of our Company's subsidiary with respect to financing facilities availed from Citi Bank N.A, for which Citi Bank N.A, on July 10, 2018 has condoned the breach after accepting the necessary explanation given by the Company. Moreover, under certain of our existing financing arrangements, the lenders have the right to withdraw their facilities in the event of any change in circumstances, including, any material change in the ownership or shareholding pattern of our Company. Such financing agreements also require us to maintain certain financial ratios. Certain of our loans, as well as loans of some of our Subsidiaries, can also be recalled by lenders at any time. If the lenders exercise their right to recall a loan, it could have an adverse effect on our or these companies' reputation, business and financial position.

If our future cash flows from operations and other capital resources are insufficient to pay our debt obligations or our contractual obligations, or to fund our other liquidity needs, we may be forced to sell assets or attempt to restructure or refinance our existing indebtedness. Our ability to restructure or refinance our debt will depend on the condition of the capital markets, our financial condition at such time and the terms of our other outstanding debt instruments. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest or principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our creditworthiness or credit rating, which could harm our ability to incur additional indebtedness on acceptable terms. Additionally, pursuant to the Offer, our Company proposes to utilise a part of the Net Proceeds to carry out scheduled repayment or pre-payment of its existing indebtedness and in the event our Company pre-pays certain loans, it may be required to bear additional interest or additional bank fees, for further details, see "*Objects of the Offer*" beginning on page 78.

Further, any breach under our financing agreements could result in acceleration of our loan repayments or trigger a cross-default under our other financing agreements. In some of our financing agreements, the lender may, at its discretion, terminate or cancel the facility with immediate effect if we default under any other material agreements with any other financing institution, adversely affecting our business and financial condition. For further details, see "*Financial Indebtedness*" beginning on page 319.

7. ***We are subject to strict quality requirements, customer inspections and audits, and any failure to comply with quality standards may lead to cancellation of existing and future orders and could negatively impact our reputation and our business and results of operations and future prospects.***

We specialize in manufacturing bearing cages in brass, steel and polyamide materials with sizes of upto 2,000 mm in diameter for automotive and industrial applications. We also manufacture complex and specialised precision stamped components for automotive and industrial customers based on technical specifications and designs stipulated by our customers. Given the nature of our products and the sector in which we operate, we believe that our customers have high standards for product quality and delivery schedules. Adherence to quality standards is a critical factor as a defect in bearing cages and specialised precision stamped components manufactured by our Company or failure to comply with the design specifications of our customers may, in turn, lead to the manufacture of faulty products by our major customer groups. This may lead to cancellation of supply orders or non-renewal of agreements by our customers and at certain instances may impose additional costs in the form of product liability and/or product recall. The use of our components, often under extreme conditions, carries an inherent risk of product liability claims arising from personal injury, death or property damage due to equipment failure, work accidents, fire or explosion, if our components are defective or are used incorrectly by our customers (or by their customers, who are the end-users). Further, any failure to make timely deliveries of products as per our customers' requirements could result in cancellation or non-renewal of purchase orders and at certain instances may also result in us bearing additional financial exposure.

While we have put in place quality control procedures, we cannot assure you that our products will always be able to satisfy our customers' quality standards. Our quality control procedures may fail to test for all possible conditions of use or identify all defects in the design, engineering or specifications of the components. Any such failure to identify defects could require us to undertake service actions or component recalls. Any defect in our Company's components could also result in customer claims for damages. Any negative publicity regarding our Company, or our products could adversely affect our reputation, our operations and our results from operations.

Prior to entering into framework agreements, certain of our major customer groups undertake a detailed review process, which involves inspection of our production facilities, review of our manufacturing processes, raw materials, our financial capabilities, technical review of the designs and specification of the proposed product and inspection and review of prototypes of the product. This extensive review process are generally periodic in nature and firm orders are placed only after the review process. The finished product delivered by us is further subject to validation by our customers upon delivery at their facilities. 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. In the event that any of our products do not adhere to our major customer groups specifications, we will be required to replace the product at our cost and bear any loss due to assembly line stoppage at our customers' production facilities. Costs of assembly line stoppage are significant and should we be required to bear such cost, our financial conditions would be adversely affected. Further, to ensure minimal defects, we may be required to incur significant expenses to maintain our quality assurance systems, which may affect our financial condition.

In certain cases, where our customers provide a warranty to their end users and incur warranty costs for non-conformity of their products to agreed specifications or standards, our supply arrangements with our customers typically allow us to review warranty claims in order to determine if the failure was caused by a manufacturing defect in our components. If it is determined that the failure was on account of a manufacturing defect in our components, we may be required to promptly correct or replace those defective components at our own expense, failing which we may be required to reimburse our customers at part acquisition cost, with additives to cover administrative, labour, material and other such costs.

Further, our customers generally have the right to inspect and audit our facilities, processes and products after reasonable notice to ensure that our services are meeting their internal standards. Most of our customers routinely inspect and audit our facilities. If we fail to perform our services in accordance with best practices stipulated by our customers and/or our customers are dissatisfied with the quality of our facilities in any manner, our reputation could be harmed and our customers may terminate/modify their contractual arrangements and/ or refuse to renew their contractual arrangements or purchase orders. This may have an adverse impact on our business, financial condition, results of operations and future prospects.

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

During Fiscal 2018, according to our Restated Consolidated Financial Statements, 95.42 % of our revenue was attributed to our bearing cage business. Presently, we are the largest manufacturer of precision bearing cages in organized sector in India in terms of capacity and operations and amongst the leading manufacturers of precision bearing cages in the world with a market share of approximately 5% to 6% in the organized segment of the global brass, steel and polyamide bearing cages market in terms of revenue. Our Company approximately holds more than 50% of the market share in the Indian bearing cages market in the organized segment for brass, steel and polyamide cages. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)* We manufacture bearing cages in brass, steel and polyamide materials with sizes of upto 2,000 mm in diameter for automotive and industrial applications, we also manufacture complex and specialised precision stamped components for automotive and industrial customers. We intend to diversify and expand our business operations in accordance with the evolving needs of our customers and the industry in which we operate. We cannot assure you that the transition of our production facilities and resources to fulfil production under new product programs will not impact production rates or other operational efficiency measures at our facilities. Further, we cannot assure you that we will succeed in effectively implementing the new technology required in manufacturing new products or that we will be able to 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. 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, and delays in product development and possible defects in products.

9. Our operational flexibility may be limited in certain respects on account of our obligations under certain of our major customer agreements.

Our pricing terms, production and payment cycles and permitted adjustments are generally set out in advance in arrangements with our customers or purchase orders and our customers are generally permitted a high level of discretion under the terms of such agreements. Due to stipulated delivery schedules at pre-agreed prices, as part of such arrangements and purchase orders, we may, in certain events, incur additional costs that we are unable to pass through to our customers or be required to write off certain expenses.

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 arrangements with our customers. 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 them. 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 non-disclosure agreements with our customers to protect their intellectual property, including in relation to technical data such as product designs and specifications that may have been shared with us by our customers. While we believe that we have internal controls in place to ensure that there is no breach of confidentiality obligations and believe that there have not been any breaches of any such confidentiality obligations in the past, an inadvertent breach or any misuse of intellectual property or proprietary data in the future by any of our employees or sub-contractors may expose us to onerous 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.

10. Geographical concentration of our production facilities may restrict our operations and adversely affect our business and financial condition.

We substantially operate our business, including our manufacturing processes, out of and around principal production facilities that are located at Changodar and Moraiya near Ahmedabad in Gujarat in India. We have further expanded our manufacturing process by establishing a production facility at Changshu in China and acquiring production facilities at Suzhou in China and Ghimbav Brasov in Romania. In Fiscal 2018, our revenue from operations in India constituted 60.61% of our total consolidated revenue, while our revenue from operations outside India constituted 39.31% of our total consolidated revenue.

Additionally, if our existing facilities at Ahmedabad, China and Romania are harmed or rendered inoperable by factors such as increased competition as more players enter into these geographies, general economic conditions, laws and regulations, both Indian and international, and other 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 time, or require us to shut major part of our operations, which may adversely affect our business, financial condition, result of operations and cash flows. For instance, on February 17, 2017, one of our primary production facilities in India, being our facility at Changodar, faced a fire due to electrical short-circuit in such production facility, resulting in a cumulative loss of approximately, ₹ 13.56 million, whilst we were able to recover majority of such loss amount pursuant to our insurance cover, we cannot assure you that any such future *force majeure* instances will not have a material adverse effect on our business, financial condition, result of operations. Further, as part of certain of our customer arrangements, in the event of any *force majeure* instance, we are obligated to re-locate our production line in so far as it extends to the products being manufactured pursuant to such customer arrangement, such re-location may adversely affect our business and financial condition.

11. *Any failure to protect or enforce our rights to own or use trademarks and brand name and identity could have an adverse effect on our business and competitive position.*

Our Company has one registered trademark "Harsha Engineers", under class 7 registered with the registrar of trademarks, which is also our registered brand name, this trademark is registered only in India, for further details, see "*Our Business*" beginning on page 112. Any failure to renew registration of our registered trademark may affect our right to use such trademark in future. If we are unable to register our trademark for various reasons including our inability to remove objections to any trademark application, or if any of our unregistered trademark are registered in favour of or used by a third party in India or abroad, we may not be able to claim registered ownership of such trademark and consequently, we may not be able to seek remedies for infringement of those trademarks by third parties other than relief against passing off by other entities, causing damage to our business prospects, reputation and goodwill in India and abroad. Further, our efforts to protect our intellectual property in India and abroad may not be adequate and any third party claim on any of our unprotected intellectual property may lead to erosion of our business value and our reputation, which could adversely affect our operations. Third parties may also infringe or copy our registered brand name in India and abroad which has been registered by us in India. We may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect our trademarks in India and abroad.

Further, if we do not maintain our brand name and identity, which we believe is a principal factor that differentiates us from our competitors, or if we fail to provide high quality products on a timely basis, we may not be able to maintain our competitive edge in India and abroad. If we are unable to compete successfully, we could lose our customers, which would negatively affect our financial performance and profitability. Moreover, our ability to protect, enforce or utilize our brand name is subject to risks, including general litigation risks. Furthermore, we cannot assure you that such brand name will not be adversely affected in the future by actions that are beyond our control, including customer complaints or adverse publicity from any other source in India and abroad. Any damage to our brand name, if not immediately and sufficiently remedied, could have an adverse effect on our business and competitive position in India and abroad.

Finally, while we take care to ensure that we comply with the intellectual property rights of others, we cannot determine with certainty whether we are infringing any existing third-party intellectual property rights, which may force us to alter our product offerings or modify our manufacturing processes established in our production facilities. We may also be susceptible to claims from third parties asserting infringement and other related claims in India and abroad.

12. *Availability and cost of raw materials could adversely affect our business, financial condition, results of operations and prospects.*

Our operations are impacted by the availability and cost of raw materials utilised in our production process. While we purchase our raw materials primarily through spot contracts in the domestic and international markets, any change in cost and availability of such raw materials for any reason, including change in the approved suppliers, change in law or applicable governmental policies relating to imports, would adversely affect our business, financial condition, results of operations and prospects.

Our raw material suppliers may fail to deliver products of acceptable quality and within stipulated schedules. We may be required to replace a supplier if the products provided or supplied, do not meet our quality or performance standards. Further, increase in competition may lead to our competitors establishing exclusive arrangements with our suppliers due to which we may be unable to secure an adequate supply of raw materials or which may increase our overall cost of raw materials, which we may not be able to determine from our customers.

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, economic and political conditions, transportation and labour costs, labour unrest, natural disasters, import duties, tariffs and currency exchange rates. This volatility in commodity prices can significantly affect our raw material costs. Further, any volatility in fuel prices can also affect commodity prices worldwide, which in turn may significantly increase our raw material costs.

13. *We may undertake strategic acquisitions or investments or strategic relocations, which may prove to be difficult to integrate and manage or may not be successful.*

We may consider making strategic acquisitions of other companies whose resources, capabilities and strategies are complementary, and are likely, to enhance our business operations. Our Board may identify suitable acquisition or investment opportunities and in the event we do identify such suitable opportunities, we cannot assure you that we will complete those transactions on terms commercially acceptable to us or at all, which may adversely affect our competitiveness and growth prospects. For instance, in the past, we expanded our outreach with the opening of new production facility in Changshu, China in 2010, acquisition of bearing cage production facility in Suzhou, China in 2014 and European operations in 2016 with the acquisition of our subsidiary Harsha Engineers Europe SRL (formerly known as M/s Johnson Metal S.A.) located in Romania.

Additionally, in furtherance of our endeavour to have strategically located international production facilities and focus on operational efficiency, we may consider relocation of one or more of our production facilities. Our Board may consider suitable relocation opportunities and in the event we do identify such suitable opportunities, we cannot assure you that we will complete such relocation on terms commercially acceptable to us or in the manner and within the time period initially contemplated, and such factors may adversely affect our growth prospects, financial condition and results of operations. For instance, our subsidiary, Harsha Precision Bearing Components (China) Co. Ltd. ("**HPBCCCL**") which is currently located at 28, Yinsheng Road, Suzhou Industrial Park ("**Property**"), has initiated the process to relocate its operations from the Property to state owned parcel of land located east of Fuhua Road to North of Tonggang Road, Economic and Technological Development Zone, Changshu ("**Changshu Project**"). Accordingly, HPBCCCL ("**Seller**") has entered into Real Estate Assets Purchase Agreement ("**Sale Agreement**") with Ascend Intelligent Technology (Suzhou) Co. Ltd. ("**Buyer**" and collectively with the Seller, the "**Parties**") on December 15, 2017 for sale of Property on "*as is where is basis*". As per the terms of the Sale Agreement, HPBCCCL has agreed to vacate the Property in 12 months. Pursuant to the terms of the Sale Agreement, the Parties have agreed to certain conditions prior to which closing of the proposed transaction can occur, such terms include, issuance of new real estate building owner certificate and state owned land use right certificate in favour of the Buyer, failing which, the Buyer can unilaterally terminate the Sale Agreement and require HPBCCCL to make good for actual losses incurred the Buyer. For further details, see "*Our Business – Our Production Facilities*" beginning on page 123. Any failure to comply with any of the terms of the Sale Agreement or delay in vacating the Property may adversely affect our growth prospects, financial condition and results of operations.

As part of the aforesaid relocation, HPBCCCL has entered into an agreement for state-owned construction land use right assignment ("**New Land Purchase Agreement**") with Changshu Municipal Bureau of Land Resources ("**Assignor**") on January 26, 2018 for acquiring the Changshu Project, having an area of 29,615 square meters, for a consideration of RMB 8,825,270 located next to the existing production facility of Harsha Engineers Components (Changshu) Co. Limited ("**HECCCL**"). The New Land Purchase Agreement, places certain obligations on HPBCCCL, which include ensuring that the total investment in fixed assets of the Changshu Project ("**Construction Project**") shall not be less than the approved or registered amount of RMB 424,850,000 and the investment intensity shall not be less than RMB 14,345.770724 per square meter. HPBCCCL has also agreed to commence the Construction Project before January 26, 2019 and complete before January 26, 2022 and in the event, HPBCCCL keeps the land idle upto one year but less than two years, then it has to pay idle fee in accordance with the law. Further, if the idle period is beyond two years without commencement of the Construction Project, the Assignor shall have the right to take back the state-owned construction land use rights of the Changshu Project free of charge. For further details, see "*Our Business – Our Production Facilities*" beginning on page 123. Any failure to comply with any of the terms of the New Land Purchase Agreement or delay in effectively executing the relocation may adversely affect our growth prospects, financial condition and results of operations.

14. If we experience insufficient cash flows, there may be an adverse effect on our financial condition and results of operations.

Our operations require a significant amount of working capital on account of our global delivery service model requiring us to maintain high levels of inventory of finished goods. Our working capital requirements have also increased significantly in recent years due to the growth in our business and a greater focus on expanding our global delivery service model. As on March 31, 2018, as per our Restated Consolidated Financial Statements, the total working capital loans which were availed by our Company and our Subsidiaries were ₹ 998.59 million, which constituted 39.49% of the total outstanding borrowings of our Company on a consolidated basis. If we do not maintain adequate cash flows to enable us to fund our working capital requirements or to service our working capital loans, there may be an adverse effect on our business, financial condition, results of operations and future prospects.

15. Our success largely depends upon the knowledge and experience of our Promoters and our Key Management Personnel as well as our ability to attract and retain skilled personnel. Any loss of our Key Management Personnel or our ability to attract and retain them and other skilled personnel could adversely affect our business, operations and financial conditions.

We depend on the management skills and guidance of our Promoters for development of business strategies, monitoring its successful implementation and meeting future challenges. The success of our business is dependent upon its ability to attract and retain qualified and experienced staff (including senior and middle management with professional qualifications). We are led by a dedicated senior management team with several years of industry experience. In addition, we have an experienced and qualified team of employees. We are dependent on our experienced Promoters, management team and employees and also the ability to attract, retain and motivate skilled personnel to effectively implement our Company's strategy and serve our customers.

Many of our personnel possess skills that would be valuable to other companies engaged in one or more of our business lines. Whilst we offer compensation in line with the demand for such skills some of our competitors may be able to pay our employees more than we are able to pay to retain them. Our ability to profitably operate is substantially dependent upon our ability to locate, hire, train and retain our personnel. We may, therefore, incur additional costs in order to attract talented individuals and to retain existing experienced staff. Although we may not have experienced difficulty locating, hiring, training or retaining our employees to date, there can be no assurance that we will be able to retain our current personnel, or that we will be able to attract and assimilate other qualified personnel in the future. If we are unable to attract or retain qualified and experienced staff, our ability to operate and expand our business may be affected, and our operating costs may increase. Our inability to recruit and retain qualified and experienced staff may limit our competitiveness, interrupt our operations and/or cause customer dissatisfaction, any of which could reduce our revenue and profitability.

16. ***We have had negative cash flows in the past and may continue to have negative cash flows in the future.***

The following table sets forth our restated consolidated cash flows for the periods indicated:

(₹ in million)	Fiscal		
	2018	2017	2016
Net cash generated from operating activities	774.76	874.08	(699.43)
Net cash used in investing activities	(386.38)	50.66	(704.08)
Net cash used in financing activities	(560.09)	(1,011.92)	1,634.67

For details, see "*Restated Consolidated Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 166 and 321, respectively. We cannot assure you that our net cash flows will be positive in the future.

17. ***Failure or disruption of our information and technology ("IT") and/ or enterprise resources planning systems may adversely affect our business, financial condition, results of operations and future prospects.***

The efficient operation of our business depends on our IT infrastructure and our enterprise resources planning systems established at our production facilities. Our IT infrastructure comprises of third party solutions and applications maintained internally. Since we operate multiple platforms, the failure of our IT infrastructure and/ or our enterprise resources planning systems could disrupt our business and adversely affect our results of operation. In addition, our IT infrastructure and/or our enterprise resources planning systems are vulnerable to damage or interruption from, amongst others, natural or man-made disasters, terrorist attacks, computer viruses or hackers, power loss, other computer systems, internet telecommunications or data network failures. Any such interruption could adversely affect our business and results of operations.

Whilst we have deployed IT disaster management systems including data backup and retrieval mechanisms, we cannot assure you that such IT disaster management systems including data backup would be able to ensure sufficient safeguards to prevent significant disruption of our IT systems. 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) may affect our ability to plan, track, record and analyse work in progress and revenue, 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 future prospects.

18. ***Our Company, certain of our Subsidiaries and certain of our Group Companies have unsecured loans that may be recalled by the lenders at any time.***

Our Company, certain of our Subsidiaries and certain of Group Companies, have currently availed unsecured loans which may be recalled by the lenders at any time. In such cases, the lender is empowered to require repayment of the facility at any point in time during the tenor. In case the loan is recalled on demand by the lender and our Company or the relevant Subsidiary or the relevant Group Company is unable to repay the outstanding amounts under the facility at that point, it would constitute an event of default under the respective loan agreements. As a result, of any such demand with respect to the loans of our Company and our Subsidiaries may affect our business, cash flows, financial condition and results of operations and any such demand with respect to the loans of our Group Companies may affect their business, cash flows, financial condition and results of operations. As on August 7, 2018, we had unsecured loans amounting to ₹ 100.00 million, which constituted 3.35% of the total borrowings of our Company, on a consolidated basis. For further details, see "*Financial Indebtedness*", and "*Group Companies*" beginning on pages 319 and 156, respectively.

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

We propose to utilize the Net Proceeds for (a) pre-payment or scheduled repayment of certain indebtedness availed by our Company; (b) purchase of machinery in India; (c) investment in Subsidiaries: (i) investment in Harsha Engineers Europe SRL by ways of equity infusion; and (ii) investment in Harsha Precision Bearing Components (China) Co. Ltd. in the form of debt; (d) infrastructure development for our existing facilities in India; and (e) general corporate purposes. Such objects have not been appraised by any bank or financial institution, for further details of the proposed objects of the Offer, see "*Objects of the Offer*" beginning on page 78. At this juncture, we cannot determine with any certainty if we would require the Net Proceeds to meet any other expenditure or fund any exigencies arising out of competitive environment, business conditions, economic conditions or other factors beyond our control. In accordance with Section 27 of the Companies Act, 2013, we cannot undertake any variation in the utilisation of the Net Proceeds as disclosed in this Draft Red Herring Prospectus without obtaining the approval of shareholders of our Company through a special resolution. In the event of any such circumstances that require us to undertake variation in the disclosed utilisation of the Net Proceeds, we may not be able to obtain the approval of the shareholders of our Company in a timely manner, or at all. Any delay or inability in obtaining such approval of the shareholders of our Company may adversely affect our business or operations.

Further, our Promoters would be required to provide an exit opportunity to the shareholders of our Company who do not agree with our proposal to modify the objects of the Offer, at a price and manner as prescribed by SEBI. Additionally, the requirement on Promoters to provide an exit opportunity to such dissenting shareholders of our Company may deter the Promoters from agreeing to the variation of the proposed utilisation of the Net Proceeds, even if such variation is in the interest of our Company. Further, we cannot assure you that the Promoters will have adequate resources at their disposal at all times to enable them to provide an exit opportunity.

In light of these factors, we may not be able to undertake variation of objects of the Offer to use any unutilized proceeds of the Offer, if any, even if such variation is in the interest of our Company. This may restrict our Company's ability to respond to any change in our business or financial condition by re-deploying the unutilized portion of Offer Proceeds, if any, which may adversely affect our business and results of operations.

20. 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 production facilities may adversely affect our production schedules, costs, revenue and ability to meet customer demand.

Our business involves manufacturing processes that can be potentially dangerous to our employees. We have faced past instances of accidents suffered by our employees in our production facilities, while discharging their duties. An accident may result in loss of life, destruction of property or equipment, manufacturing or delivery delays, or may lead to suspension of our operations and/or imposition of liabilities.

While we believe we maintain adequate insurance, interruptions in production as a result of an accident may also increase our costs and reduce our revenue, and may require us to make substantial capital expenditures to remedy the situation or to defend litigation that we or our senior management may become involved in as a result, which may negatively affect our profitability, business, financial condition, results of operations and future prospects. Any negative publicity associated therewith, may have a negative effect on our business, financial condition, results of operations and future prospects.

21. We are subject to various risks associated with transportation and we may face claims relating to loss or damage to cargo, personal injury claims or other operating risks.

We are subject to various risks associated with transportation and we may face claims relating to loss or damage to cargo, personal injury claims or other operating risks. Whilst we believe that we have undertaken adequate measures to minimize operational risks associated with our business, we remain subject to various risks inherently present in our business operations, including potential liability to our customers which could result from, among other circumstances, theft, damage or loss of materials pursuant to the logistics we arrange for. For instance, in the past we have faced monetary loss due to mishandling of our products during transit and at certain instances due to accidents of the transport vehicles carrying our products, whilst we believe that such loss is not material to our operations, we may, in future suffer similar losses, requiring us to compensate our customers in the event of any damage or loss of goods even though we may have secured insurance coverage for the goods transported by us.

22. Changes in law or regulations in India or any jurisdiction in which we operate or their implementation or any other measures undertaken by the Government or any new regulations pertaining to manufacturing business could disrupt our business and adversely affect our business and result of operation.

Our business is regulated by different laws, rules and regulations framed by the Government and respective governments of the jurisdictions in which we operate, which may be amended/changed on a short notice at the discretion of the Government and the respective governments of the jurisdictions in which we operate. For instance, on November 8, 2016, the Government announced phasing out of large-denomination currency notes (₹500 and ₹1,000, representing the bulk of the total currency in circulation) as legal tender. These were immediately replaced with new ₹500 and ₹2,000 currency notes. Whilst we were not affected by this unexpected demonetisation measure adopted by the Government we cannot assure you that any such unanticipated measures undertaken by the Government or any regulatory authority or any other respective government of the jurisdictions in which we operate, may not adversely affect our business, financial condition and results of operations. Further, if we fail to comply with all the applicable regulations or if the regulations governing our business or their interpretation change adversely, we may incur increased cost or be subject to penalties which could disrupt our operations and adversely impact our business, financial conditions and result of operations.

23. ***We have in the recent past experienced fluctuations in our financial performance. We may continue to experience such fluctuations in the future and we may not be able to manage the growth of our business effectively or continue to grow our business at a rate similar to what we have experienced in the past.***

We have witnessed certain fluctuations in our financial performance over the past few years as is evident from the increase in our consolidated revenue to ₹ 8,043.85 million from ₹ 6,352.22 million and ₹ 6,597.31 million in Fiscal 2018, 2017 and 2016, respectively at a CAGR of 10.42% from Fiscal 2016 to Fiscal 2018 in terms of total income, as per our Restated Consolidated Financial Statements. Whilst our consolidated revenue has increased from ₹ 6,597.31 million to ₹ 8,043.85 million in Fiscal 2016 to Fiscal 2018, respectively, we cannot assure you that our growth will continue at a rate similar to what we have experienced and accordingly we may face certain fluctuations in our financial performance. In addition to the foregoing, our business strategy along with steps taken by us to enhance our product portfolio and distribution network may challenge our ability to maintain our customer base, quality standards, operate in geographies where we have limited experience and to achieve consistent growth standards in the services we have recently commenced business operations.

Our ability to execute our growth strategies will also depend, *inter alia*, on our ability to retain our customers, brand building, diversify and differentiate our products and pricing to compete effectively, and grow our multi-distributions network. We cannot assure you that our current policies and systems will adequately address any of these business challenges. We may not be able to continue to grow our business which could materially and adversely affect our business, financial condition and results of operations.

24. ***Our business operations may be disrupted by an interruption in power supply, which may impact our business operations.***

Our facilities and operations require constant power supply and any disruption in the supply of power may disrupt our operations, which may interfere with manufacturing process requiring us to either stop our operations or repeat activities which may involve additional time and increase our costs. While we believe we have adequate stand by power supply, this may not be adequate if the disruption in the supply of the power is for a longer period. Additionally, such stand by power supply may not be sufficient to enable us to operate our facilities at full capacity and any such disruption in the primary power supply available at our production facilities could materially and adversely affect our business, financial condition and results of operations.

25. ***Any disruption in labour industry or strikes by our workforce may affect the production capability of our Company.***

Our manufacturing activities are labour intensive, and expose us to the risk of various labour related issues. Whilst we have not faced any strike by our workforce, we cannot assure you that we will not be subject to work stoppages, strikes, lockouts or other types of conflicts with our employees or contract workers in the future. Any such event, at our current facilities or at any new facilities that we may commission or acquire in the future, may adversely affect our ability to operate our business and serve our customers and impair our market reputation, which may adversely impact our business and financial condition.

26. ***We have entered into and will continue to enter into, related party transactions.***

We have entered into and may in the course of our business continue to enter into transactions specified in the financial results contained in this Draft Red Herring Prospectus with related parties that include our Promoters and certain of our Group Companies. For further details in relation to our related party transactions, see "*Related Party Transactions*" on page 164. While we believe that all such transactions have been conducted on an arm's length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have a material adverse effect on our financial condition and results of operations.

27. ***We have certain contingent liabilities that have not been provided for in our financial statements, which, if they materialize, may adversely affect our financial condition.***

As of March 31, 2018, our Restated Consolidated Financial Statements disclosed and reflected the following contingent liabilities:

Particulars	Amount (in ₹ million)
Letter of credit / letter of comfort / stand by letter of credit / bank guarantee	16.80
Corporate guarantee for Harsha Abakus Solar Private Limited in favor of HDFC Bank Limited	60.15

If a significant portion of these liabilities materializes, it could have an adverse effect on our results of operations, financial condition and cash flows. For details, see "*Financial Statements*" beginning on page 166.

28. Our insurance coverage could prove inadequate to cover our losses. If we were to incur a serious uninsured loss or a loss that significantly exceed the limits of our insurance policies, it could have a material adverse effect on our business, results of operations and financial condition.

We could face liabilities or otherwise suffer losses should any unforeseen incident such as fire, flood, and accidents affecting our warehouses or in the regions/areas where we operate from. We maintain what we believe to be appropriate insurance coverage, commensurate with industry standards in India, in relation to property, stock and money for our warehouses, transit insurance, and product liability. There are possible losses, which we may not have insured against or covered or wherein the insurance cover in relation to the same may not be adequate. We may face losses in the absence of insurance and even in cases in which any such loss may be insured, we may not be able to recover the entire claim from insurance companies. Any damage suffered by us in excess of such limited coverage amounts, or in respect of uninsured events, not covered by such insurance policies will have to be borne by us.

While we believe that we have obtained insurance against losses which are most likely to occur in our line of business, there may be certain losses which may not be covered by our Company, which we have not ascertained as at date. Further, while there has been no past instance of inadequate insurance coverage for any loss, we cannot assure that we will continue to accurately ascertain and maintain adequate insurance for losses that may be incurred in the future. For more details on the insurance policies availed by us, see "*Our Business - Insurance*" on page 127.

29. We will continue to be controlled by our Promoters after the completion of the Offer.

As of this Draft Red Herring Prospectus, our Promoters hold 57.83% of our entire pre-Offer issued and paid equity share capital. Furthermore, after the completion of this Offer, our Promoters will control, directly or indirectly our Company and continue to hold substantial percentage of the issued and paid up equity share capital of our Company. As a result, our Promoters will continue to exercise significant control over us, including being able to control the composition of our board of directors and determine decisions requiring simple or special majority voting, and our other shareholders will be unable to affect the outcome of such voting. Our Promoters may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders, such as actions which delay, defer or cause a change of our control or a change in our capital structure, merger, consolidation, takeover or other business combination involving us, or which discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us.

In addition, and in the event of any such change of control, merger, consolidation, takeover or other business combination involving us, a transfer of shares by our Promoters, or actions such as a preferential allotment to any investor or a conversion of any convertible instruments, could materially and adversely affect our business, financial performance and results of operations.

We cannot assure you that our Promoters will act in our interest, or in the interests of minority shareholders, while exercising their rights in such entities.

30. Certain of our corporate records including form filings to RoC, board resolutions and challans in relation to RoC forms are not traceable. Additionally, we are also unable to trace certain share transfer forms in relation to transfer of shares to/from our Promoters in our corporate records.

Certain of our old corporate records in relation to filing of return(s) of allotment and other RoC filings including challans for RoC filings and board resolutions, as applicable, are not traceable. Whilst we had commissioned a physical search of the RoC records through an independent registered company secretary firm, we have not been able to retrieve such documents from RoC records. Additionally, for certain rights issues undertaken by us, we are unable to trace offer letters issued to existing shareholders and renunciation letters received from them in relation to such rights issue. Accordingly, for such above matters, we have relied on other supporting documents, including the minutes of board and/or shareholders meetings and register of members. Additionally, there can be no assurance that any of the shareholders at the time of rights issue will not claim to have been deliberately not issued letter of offers and equity shares to which they were entitled. While we continue to conduct a search for such documents in our records, we cannot assure you that such records will be available in the future or that we will not be subject to penalties which may be imposed by the RoC in this regard.

31. Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements and capital expenditures.

Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flow, working capital requirements and capital expenditures. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant, including among others, our future earnings, financial condition, cash requirements, business prospects and any other financing arrangements. We cannot assure you that we will be able to pay dividends in the future. For details of dividend paid by our Company in the past, see "*Dividend Policy*" on page 165.

32. We have commissioned industry reports from certain agencies, which have been used for industry related data in this Draft Red Herring Prospectus and such data has not been independently verified by us.

We have commissioned the research reports titled "*Metal Stamping Market – Global Insights, Growth Size, Comparative Analysis, Trends and Forecast, 2018 – 2026*" and "*Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026*". The reports use certain methodologies for market sizing and forecasting. Neither we, nor any of the Book Running Lead Managers have independently verified such data and therefore, while we believe them to be true, we cannot assure you that they are complete or reliable. Accordingly, investors should read the industry related disclosure in this Draft Red Herring Prospectus in this context. Such data may also be produced on different bases from those used in the industry publications we have referenced. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. While industry sources take due care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data. Accordingly, investors should not place undue reliance on, or base their investment decision solely on this information. For further details, see "*Certain Conventions, Presentation of Financial, Industry and Market Data*" and "*Industry Overview*" beginning on pages 10 and 96, respectively.

33. 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. Further, the funding plan has not been appraised by any bank or financial institution.

Our Company intends to use the Net Proceeds for the purposes described in "*Objects of the Offer*" beginning on page 78. Subject to this section, our management will have broad discretion to use the Net Proceeds, and investors will be relying on the judgment of our management regarding the application of the Net Proceeds. Whilst a monitoring agency will be appointed in compliance with the SEBI Regulations for monitoring utilisation of Net Proceeds, the funding plans are in accordance with our own estimates and have not been appraised by any bank, financial institution or any other external agency. Our Company may have to revise its management estimates from time to time on account of various factors beyond its control, such as market conditions, competitive environment, costs of commodities and interest or exchange rate fluctuations and consequently its requirements may change. Additionally, various risks and uncertainties, including those set forth in this section may limit or delay our efforts to use the Net Proceeds to achieve profitable growth in its business. For instance, our expansion plans could be delayed due to failure to receive regulatory approvals, technical difficulties, human resource, technological or other resource constraints, including increases in raw material costs, or for other unforeseen reasons, events or circumstances.

34. Certain premises including certain of our warehouses are not owned by us and we have only lease rights over it. Further, some of our lease agreements may have certain irregularities. In the event we lose such rights or are required to negotiate it, our cash flows, business, financial conditions and results of operations could be adversely affected.

Our Company has entered into certain lease agreements and leave and license agreements in relation to warehousing facilities. Certain of our warehouses located in USA, Germany, United Kingdom, Italy, Austria, Argentina, Mexico China, and Malaysia are not owned by us and are located at premises taken by us on lease. Some of the lease agreements have not been registered, or are not adequately stamped. Accordingly, such documents may not be produced for enforcement before a court of law until the applicable stamp duty, registration charges, and consequent penalties are paid on such documents. Accordingly, we may be required to incur additional costs in order to adjudicate these agreements before relevant authorities. Further, any of these lease or license agreements can be terminated, and any such termination could result in any of these warehouses being shifted or shut down. There can be no assurance that we will, in the future, be able to retain, renew or extend the leases for the existing locations on same or similar terms, or will be able to find alternate locations for these warehouses and operating locations on similar terms favourable to us, in time or at all. Accordingly, we may experience business disruption and this may materially and adversely affect our business, financial condition and result of operations.

35. Some of our Group Companies and Subsidiaries have incurred losses in the last preceding Fiscal, based on their last audited financial statements available.

Some of our Group Companies and Subsidiaries have incurred losses in the last preceding Fiscal, based on their last audited financial statements available. Set forth is a brief tabular description of our Group Companies which have incurred such losses:

Sr. No.	Name of the entity	Loss (amount in ₹ million) for the Fiscal		
		2018	2017	2016
Group Companies				
1.	Daylight Solar Private Limited	(0.01)	(0.01)	(0.02)
2.	First Light Solar Private Limited	(0.01)	(0.01)	(0.02)

Sr. No.	Name of the entity	Loss (amount in ₹ million) for the Fiscal		
		2018	2017	2016
3.	Helianthus Solar Power Private Limited	(0.01)	(0.01)	(0.02)
4.	Harsha Renewable Energy Private Limited	(0.03)	(0.03)	(0.03)
5.	Ecotrail Personal Care Private Limited	(50.32)	(61.64)	(0.04)*
Subsidiaries				
1.	Harsha Engineers B.V.	(34.84)	(139.98)	(14.14)
2.	Harsha Precision Bearing Components (China) Co. Ltd.	(29.49)	(68.64)	(80.42)

**from date of incorporation of Ecotrail to March 31, 2016.*

Note: The abovementioned financial information has been derived from the audited financial results of the respective companies, which have been prepared as per the applicable accounting standards.

For further details, see "*Group Companies – Details of Group Companies with negative net worth*", "*Group Companies – Loss making Group Companies*" on page 161, and "*Our Subsidiaries*" beginning on page 136, respectively. We cannot assure you that our Group Companies and our Subsidiaries will not incur such losses in the future.

36. Corrupt practices or fraud or improper conduct may delay the development of a product and adversely affect our business and results of operations.

The manufacturing industries in India and elsewhere are not immune to the risks of corrupt practices or fraud or improper practices. The manufacturing in all parts of the world provide opportunities for corruption, fraud or improper conduct, including bribery, deliberate poor workmanship, theft or embezzlement by employees, contractors or customers or the deliberate supply of low quality materials. If we or any other persons involved in any of the production unit which are the victim of or involved in any such practices, our reputation or our ability to complete the relevant projects as contemplated may be disrupted, thereby adversely affecting our business and results of operations.

37. Our Company will not receive any proceeds from the Offer for Sale by the Selling Shareholders.

The Offer consists of the Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders. The entire proceeds of the Offer for Sale will be respectively transferred to the Selling Shareholders and will not result in any creation of value for us or in respect of your investment in our Company.

External Risk Factors

38. Our business is substantially affected by prevailing economic, political and other prevailing conditions in India.

We are incorporated in and significant amount of our operations are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing for our expansions;
- prevailing income conditions among Indian consumers and Indian corporates;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries;
- occurrence of natural or man-made disasters;
- prevailing regional or global economic conditions, including in India's principal export markets;
- any downgrading of India's debt rating by a domestic or international rating agency;
- financial instability in financial markets; and

- other significant regulatory or economic developments in or affecting India or its manufacturing sector.

Moreover, a fall in the purchasing power of our customers, for any reason whatsoever, including rising consumer inflation, availability of financing to our customers, changing governmental policies and a slowdown in economic growth may have an adverse effect on our customers' revenues, savings and could in turn negatively affect their demand for our products. For instance, on November 8, 2016, the Reserve Bank of India and the Ministry of Finance of the Government of India withdrew the legal tender status of ₹500 and ₹1,000 currency notes. Despite ₹500 and ₹2,000 notes being introduced since such demonetization on November 8, 2016, the short-term effect of these developments has been, among other things, a decrease in liquidity of cash in India, which has in turn negatively affected consumer spending. Other impacts of the demonetization on India's economic growth, credit demand, credit quality, liquidity and interest rates is uncertain. Although there have been minimal short-term effects on our day-to-day business, the medium-term and long-term effects of demonetization on our business are uncertain and we cannot accurately predict the effect thereof on our business, results of operations, financial condition and prospects.

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

39. ***It may not be possible for investors outside India to enforce any judgment obtained outside India against our Company or our management or any of our associates or affiliates in India, except by way of a suit in India.***

Our Company is incorporated under the laws of India. Our Company's assets are primarily located in India and most of our Directors and Key Managerial Personnel are residents of India. As a result, it may not be possible for investors to effect service of process upon our Company or such persons in jurisdictions outside India, or to enforce against them judgments obtained in courts outside India.

Recognition and enforcement of foreign judgements are provided for under Section 13 of the Civil Procedure Code ("**CPC**") on a statutory basis. Section 13 of the CPC provides that foreign judgements shall be conclusive regarding any matter directly adjudicated upon, except (i) where the judgement has not been pronounced by a court of competent jurisdiction; (ii) the judgement has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgement is founded on an incorrect view of international law or a refusal to recognise the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgement was obtained were opposed to natural justice; (v) where the judgement has been obtained by fraud; or (vi) where the judgement sustains a claim founded on a breach of any law then in force in India. Under the CPC, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgement, presume that the judgement was pronounced by a court of competent jurisdiction, unless the contrary appears on record. However, under the CPC, such presumption may be displaced by proving that the court did not have jurisdiction.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, including the United Kingdom, Singapore and Hong Kong. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements of the Indian Code of Civil Procedure, 1908 (the "**Civil Code**"). The Civil Code only permits the enforcement and execution of monetary decrees in the reciprocating jurisdiction, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us, our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court. However, the party in whose favour such final judgment is rendered may bring a fresh suit in a competent court in India based on a final judgment that has been obtained in a non-reciprocating territory within three years of obtaining such final judgment.

The United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgements, other than arbitration awards, in civil and commercial matters. Therefore, a final judgement for the payment of money rendered by any federal or state court in the United States on civil liability, whether or not predicated solely on the federal securities laws of the United States, would not be enforceable in India. However, the party in whose favour such final judgement is rendered may bring a new suit in a competent court in India based on a final judgement that has been obtained in the United States. The suit must be brought in India within three years from the date of the judgement in the same manner as any other suit filed to enforce a civil liability in India.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action was brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgement if that court were of the view that the amount of damages awarded was excessive or inconsistent with public policy or Indian practice. It is uncertain as to whether an Indian court would enforce foreign judgements that would contravene or violate Indian law. However, a party seeking to enforce a foreign judgement in India is required to obtain approval from the RBI under FEMA to execute such a judgement or to repatriate any amount recovered.

40. ***We may be affected by competition law in India and any adverse application or interpretation of the Competition Act may in turn adversely affect our business.***

The Competition Act, was enacted for the purpose of preventing practices that have or are likely to have an adverse effect on competition in India and has mandated the Competition Commission of India to prevent such practices. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition is void and attracts substantial penalties.

Further, any agreement among competitors which, directly or indirectly, involves determination of purchase or sale prices, limits or controls production, or shares the market by way of geographical area or number of subscribers in the relevant market is presumed to have an appreciable adverse effect in the relevant market in India and shall be void. The Competition Act also prohibits abuse of a dominant position by any enterprise. On March 4, 2011, the Indian central government notified and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset- and turnover-based thresholds to be mandatorily notified to, and pre-approved by, the CCI. Additionally, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India.

The Competition Act aims to, among other things, prohibit all agreements and transactions which may have an appreciable adverse effect in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside of India if such agreement, conduct or combination has an appreciable adverse effect in India. However, the impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. We are not currently party to any outstanding proceedings, nor have we received notice in relation to non-compliance with the Competition Act or the agreements entered into by us. However, if we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it may adversely affect our business, financial condition, cash flows, results of operations and future prospects.

41. ***Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, IFRS and U.S. GAAP, which may be material to investors' assessment of our financial condition.***

Our Restated Financial Statements as of and for the Fiscals 2018, 2017, 2016, 2015 and 2014 included in this Draft Red Herring Prospectus have been prepared under Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 to the extent applicable. The financial statements for Fiscals 2018, 2017, 2016, 2015 and 2014 have been compiled from the audited standalone and consolidated financial statements of our Company for the respective years under the previous generally accepted accounting principles followed in India ("**Indian GAAP**").

In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard, we have presented reconciliation from Indian GAAP to Ind AS. Please refer to the Restated Financial Statements beginning on page 166. Except as otherwise provided in the Restated Financial Statements with respect to Indian GAAP, no attempt has been made to reconcile any of the information given in this Draft Red Herring Prospectus to any other principles or to base the information on any other standards. Ind AS differs from other accounting principles with which prospective investors may be familiar, such as Indian GAAP, IFRS and U.S. GAAP. Accordingly, the degree to which the financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS. Persons not familiar with Ind AS should limit their reliance on the financial disclosures presented in this Draft Red Herring Prospectus.

In addition, our Restated Financial Statements may be subject to change if new or amended Ind AS accounting standards are issued in the future or if we revise our elections or selected exemptions in respect of the relevant regulations for the implementation of Ind AS.

42. ***If there is any change in tax laws or regulations, or their interpretation, such changes may significantly affect our financial statements for the current and future years, which may have a material adverse effect on our financial position, business and results of operations.***

Having our business operations in multiple jurisdictions, we are subject to varying central and state tax regimes. The applicable categories of taxes and tax rates also vary significantly from jurisdiction to jurisdiction, which may be amended from time to time. The final determination of our tax liabilities involves the interpretation of local tax laws and related regulations in each country as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned and expenditure incurred. Our business and financial performance may be adversely affected by unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to us and our business or the regulator enforcing them in any one of those countries may adversely affect our results of operations.

To the extent that we are entitled to certain tax benefits in India which are available for a limited period of time, our profitability will be affected if such benefits will no longer be available, or are reduced or withdrawn prematurely or if we are subject to any dispute with the tax authorities in relation to these benefits or in the event we are unable to comply with the conditions required to be complied with in order to avail ourselves of each of these benefits. See "*Statement of Tax Benefits"* on page 93 for details in relation to possible tax benefits available to our Company. In the event that any adverse development in the law or the manner of its implementation affects our ability to benefit from these tax incentives, our business, results of operations, financial condition and prospects may be adversely affected.

Changes in the operating environment, including changes in tax law, could impact the determination of our tax liabilities for any given tax year. Taxes and other levies imposed by the Government of India that affect our industry include income tax, goods and services tax and other taxes, duties or surcharges introduced from time to time. The tax scheme in India is extensive and subject to change from time to time and any adverse changes in any of the taxes levied by the Government of India may adversely affect our competitive position and profitability. We cannot assure you that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government of India and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the applicability, interpretation and implementation of any amendment to, or change to governing laws, regulation or policy in the countries in which we operate may materially and adversely affect our business, results of operations and financial condition. In addition, we may have to incur expenditure to comply with the requirements of any new regulations, which may also materially harm our results of operations. We are also subject to these risks in all our overseas operations depending on each specific country. Any unfavourable changes to the laws and regulations applicable to us could also subject us to additional liabilities. As a result, any such changes or interpretations may adversely affect our business, financial condition and financial performance. Further, changes in capital gains tax or tax on capital market transactions or sale of shares may affect investor returns.

43. Our business and the price of the Equity Shares may be adversely affected by the implementation of GAAR.

The Government of India has also proposed provisions relating to GAAR which came into effect from April 1, 2017. The GAAR provisions intend to catch arrangements declared as "impermissible avoidance arrangements", which is any arrangement the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests:

(a) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length;

(b) results in misuse, or abuse, of the provisions of the tax laws;

(c) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or

(d) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes.

The onus to prove that the transaction is not an "impermissible avoidance agreement" is on the assesse, i.e., an arrangement shall be presumed, unless it is proved to the contrary by the assesse, to have been entered into, or carried out, for the main purpose of obtaining a tax benefit, if the main purpose of a step in, or a part of, the arrangement is to obtain a tax benefit, notwithstanding the fact that the main purpose of the whole arrangement is not to obtain a tax benefit. If GAAR provisions are invoked, then the tax authorities will have wide powers, including denial of tax benefit or a benefit under a tax treaty which may have an adverse tax impact on us.

44. Public companies in India, including our Company, are required to compute income tax under the ICDS. The transition to ICDS in India is very recent and we may be negatively affected by such transition.

The Ministry of Finance had issued a notification dated March 31, 2015 notifying ICDS which creates a new framework for the computation of taxable income. However, the Central Board of Direct Taxes ("**CBDT**"), Ministry of Finance of India, according to its press release dated July 6, 2016, had deferred the applicability of the ICDS with fiscal 2017 being the first assessment year. ICDS deviates in several respects from concepts that are followed under general accounting standards, including Indian GAAP and IND AS. It is often seen that ICDS based calculations of taxable income can differ from Indian GAAP or IND AS-based concepts and they can have the effect of requiring taxable income to be recognised earlier, increasing overall levels of taxation or both. There can be no assurance that the adoption of ICDS will not adversely affect our business, results of operation and financial conditions.

45. Any further downgrading of our debt ratings or of India's sovereign debt rating or the sovereign debt rating of any country in which we operate, may adversely affect our business.

Any downgrading of our credit ratings may increase interest rates on our outstanding debt, increase interest rates for refinancing our outstanding debt, which would increase our financing costs, and materially and adversely affect our ability to raise new capital on a competitive basis, which may adversely affect our profitability and future growth. In addition, any adverse revisions to India's credit ratings or the sovereign debt rating of any country in which we operate for domestic and international debt by international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available. This may materially and adversely affect our capital expenditure plans, business and future financial performance and our ability to fund our growth in future.

46. ***The ability of Indian companies to raise foreign capital may be constrained by Indian law.***

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

Risks Relating to the Equity Shares and the Offer

47. ***Investors can be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares. Recently, the Finance Act, 2018 levies taxes on such long term capital gains exceeding ₹ 100,000 arising from sale of Equity Shares on or after April 1, 2018, while continuing to exempt the unrealized capital gains earned up to January 31, 2018 on such Equity Shares.***

Under current Indian tax laws, capital gains arising from the sale of Equity Shares in an Indian company are generally taxable in India. However, any gain realized on the sale of listed equity shares on or before March 31, 2018 on a stock exchange held for more than 12 months will not be subject to long term capital gains tax in India if Securities Transaction Tax ("**STT**") is paid on the sale transaction and additionally, as stipulated by the Finance Act, 2017, STT had been paid at the time of acquisition of such equity shares on or after October 1, 2004, except in the case of such acquisitions of equity shares which are not subject to STT, as notified by the Central Government under notification no. 43/2017/F. No. 370142/09/2017-TPL on June 5, 2017. However, the Finance Act, 2018, has now levied taxes on such long term capital gains exceeding ₹ 100,000 arising from sale of Equity Shares on or after April 1, 2018, while continuing to exempt the unrealized capital gains earned up to January 31, 2018 on such Equity Shares. Accordingly, you may be subject to payment of long term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold.

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

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

Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares by us, including through exercise of employee stock options may dilute your shareholding in our Company, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our Promoters or other significant shareholders may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences for us including difficulty in raising debt or equity financing. In addition, any perception by investors that such issuances or sales might occur may also affect the trading price of our Equity Shares. We cannot assure you that we will not offer Equity Shares or that our shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

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

The Offer Price of the Equity Shares will be determined by our Company and Selling Shareholders in consultation with the Managers, and through the Book Building Process. This price will be based on numerous factors, as described under "*Basis for Offer Price*" on page 108 and may not be indicative of the market price for the Equity Shares after the Offer. The market price of the Equity Shares could be subject to significant fluctuations after the Offer, and may decline below the Offer Price. We cannot assure you that the investor will be able to resell their Equity Shares at or above the Offer Price.

50. ***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 shareholders of such company.

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. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in our Company may be reduced.

51. QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid.

Pursuant to the SEBI Regulations, QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Retail Individual Investors and Eligible Employees can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date. While our Company is required to complete Allotment pursuant to the Offer within six Working Days from the Bid/Offer Closing Date, events affecting the Bidders' decision to invest in the Equity Shares, including material adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operation or financial condition may arise between the date of submission of the Bid and Allotment. Our Company may complete the Allotment of the Equity Shares even if such events occur, and such events limit the Bidders' ability to sell the Equity Shares Allotted pursuant to the Offer or cause the trading price of the Equity Shares to decline on listing.

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

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

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

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

Prominent Notes:

- Our Company has not changed its name in the last three years:
- Public Offer of up to [●] Equity Shares for cash at price of ₹ [●] (including a premium of ₹ [●] per Equity Share for the Fresh Issue) aggregating up to ₹ [●] million consisting of a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 3,700 million by our Company and an Offer for Sale of cumulatively up to 1,325,000 Equity Shares aggregating up to ₹ [●] million by the Selling Shareholders. The Offer includes a reservation of up to [●] Equity Shares for subscription by the Eligible Employees under the Employee Reservation Portion for cash at a price of ₹ [●] per Equity Share, aggregating up to ₹ [●] million. The Offer will constitute up to [●]% of the post-Offer paid-up Share capital of our Company and the Net Offer shall constitute [●]% of our post-Offer paid-up Share capital.
- Our net worth as of March 31, 2018, as per our Restated Consolidated Financial Statements and Restated Standalone Financial Statements included in this Draft Red Herring Prospectus was ₹ 2,522.99 million and ₹ 3,097.42 million, respectively. See "*Financial Statements*" on page 166.

- The net asset value per Equity Share as of March 31, 2018, as per our Restated Consolidated Financial Statements and Restated Standalone Financial Statements included in this Draft Red Herring Prospectus was ₹ 104.13 and ₹ 128.62, respectively. See "*Financial Statements*" on page 166.

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

Name of Promoter	Number of Equity Shares held	Average cost of acquisition per Equity Share (₹)
Rajendra Shantilal Shah	3,605,396	1.53
Harish Ranjit Rangwala	3,602,696	2.97
Vishal Rangwala	1,920,000	0.00
Pilak Rajendra Shah	2,400,000	0.79
Munjal Rangwala	2,400,000	0.00
Nirmala Rajendra Shah	3,600,000	9.16
Charusheela Harish Rangwala	3,602,696	9.75

For further details, see "*Capital Structure*" on page 62.

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

- For details of transactions between our Company and Subsidiaries or our Group Companies during the last Fiscal, including the nature and cumulative value of the transactions, see "*Related Party Transactions*" on page 164.

- For information regarding the business or other interests of our Group Companies in our Company, see "*Group Companies*" and "*Related Party Transactions*" beginning on pages 156 and 164, respectively.

- Investors may contact the Book Running Lead Managers or the Registrar to the Offer, for any complaints pertaining to the Offer.

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

SECTION III: INTRODUCTION

SUMMARY OF INDUSTRY

The information in this section is derived from industry data sourced from research reports titled "Metal Stamping Market – Global Insights, Growth Size, Comparative Analysis, Trends and Forecast, 2018 – 2026" and "Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026", both prepared by Research N Reports. We have commissioned the aforementioned reports in connection with the Offer. Neither we, nor any of the Book Running Lead Managers, nor any other person connected with the Offer has verified the information in such reports. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.

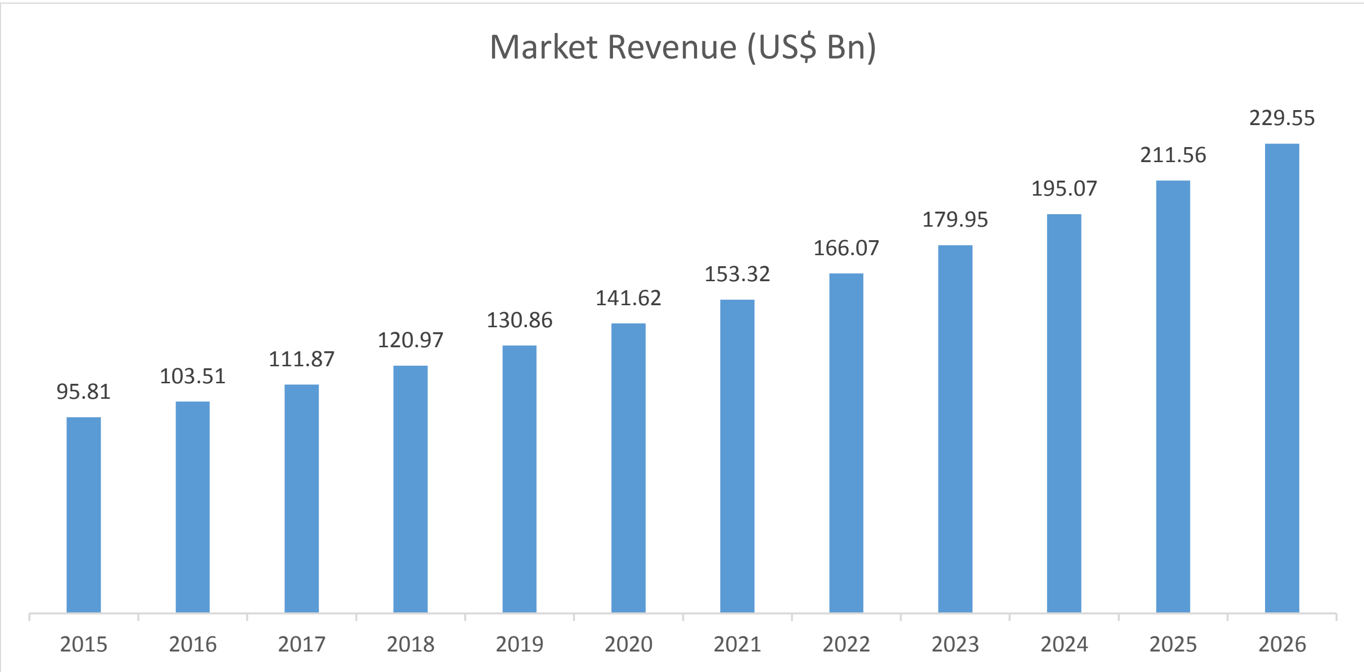
In 2017, the global bearings market was valued at US$ 111.87 billion, in terms of revenue. Bearing cage is a crucial component in the bearing apparatus that separates the balls, maintains the symmetrical radial spacing between the balls and also holds the bearings together. In 2017, the global bearing cages market was valued at US$ 5,862.20 million, in terms of revenue. Bearing cages can be made from varied type of materials including the likes of phenolic resin, polyamide, polyetheretherketone, brass, steel, full complement and others. Among the various material types, brass, steel and polyamide bearing cages represent approximately 63% of the global bearing cages market.

Global Bearings Market

Overview

In terms of revenue, the global bearings market was valued at USD 111.87 billion in the year 2017 and is anticipated to reach USD 229.55 billion by the year 2026, thereby expanding at a CAGR of 8.3% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)* The graphical representation of the market revenue and the forecasts have been set forth:

Market Revenue and Forecasts, 2015-2026



The bearings market - by application

By means of application, the bearings market is segmented into automotive, industrial and other industrial applications

Automotive

Bearings play a significant role in majority of automobiles as they aid in improved car performance and pave the way for smooth driving. Bearings also makes it possible for the automobile to adjust in the event it runs through varying terrains, like smooth asphalt streets and rough roads.

In terms of revenue, global automotive bearings market was valued at USD 61.13 billion in 2017 and is anticipated to reach USD 126.94 billion by 2026, expanding at a CAGR of 8.5% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)*

Industrial

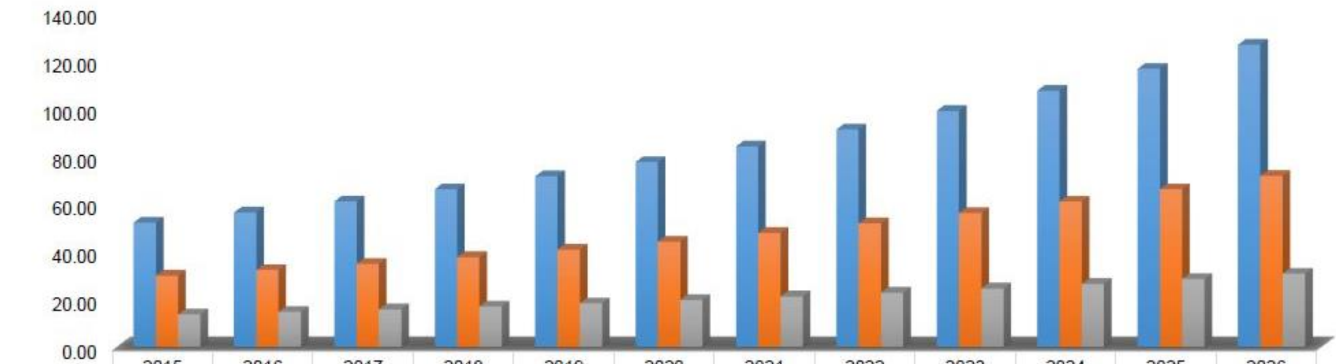
Bearings have wide industrial application in electrical, agriculture, mining, construction, railway and aerospace industries. Agricultural machinery requires better seals for contaminated conditions, provisions for misalignment, and economical mountings for shafts and housings. Bearings are used in equipment, such as transmission, engine, wheel hubs, disc harrows, etc. Bearings are also used in electrical appliances such as fans, washing machines, water purifiers, water pumps, etc.

Bearings used in steel industry perform under very harsh conditions at very high temperatures and at varying speeds. Bearings are used in applications such as blast furnace, steel melting shop, roll shop, coke oven, sinter plant and power plant. Mining operations play a very important role in extraction and purification of minerals and metals that enhance our daily living by providing resources to build roads, buildings, create electricity etc. The mines are often located in mountainous regions and go upto 1000-3000 m underground. Material handling equipment, earth moving equipment and other heavy machinery used in construction require durable, reliable and low maintenance bearings, which can bear both axial and radial loads produced due to the different terrains in which they operate. The use of bearing enables reduction in downtime of the equipment/machine and help increase productivity. In terms of revenue, global industrial bearings market was valued at USD 34.93 billion in 2017 and is anticipated to reach USD 71.85 billion by 2026, expanding at a CAGR of 8.4% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)*

Other Applications

In terms of revenue, global bearings market used in others applications was valued at USD 15.82 billion in 2017 and is anticipated to reach USD 30.76 billion by 2026, expanding at a CAGR of 7.7% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)*

Set forth is a graphical representation of the global bearings market revenue and forecasts, by application in USD billion:



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Automotive	52.21	56.49	61.13	66.19	71.70	77.69	84.23	91.35	99.12	107.59	116.84	126.94
Industrial	29.89	32.30	34.93	37.78	40.88	44.25	47.92	51.92	56.27	61.02	66.20	71.85
Others	13.70	14.72	15.82	17.00	18.29	19.67	21.17	22.80	24.56	26.46	28.52	30.76

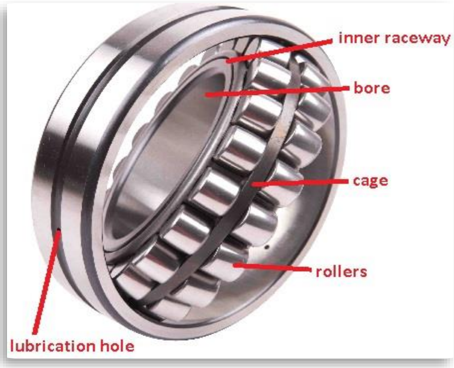
Global Bearing Cages Market

Product description

The bearing cage also referred to as bearing retainer is a component in the bearing apparatus that separates the balls, maintains the symmetrical radial spacing between the balls and holds the bearings together in most cases.

The cage can also act as a reservoir for oils, supply a solid film via the cage material or a coating on the cage itself and utilized for providing lubrication. The selection of appropriate cage design as per the application is crucial for achieving the desired life and performance of the bearing apparatus. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)*

Bearing cage is an important component in ball bearings and are mechanically stressed during operations by centrifugal forces, inertial forces and frictional impact. The most sophisticated bearings for the most demanding applications are very precise devices; their manufacture requires some of the highest standards of current technology. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)* Set forth is an illustration of a bearing showing its three key components, i.e. inner raceway, cage and rollers:

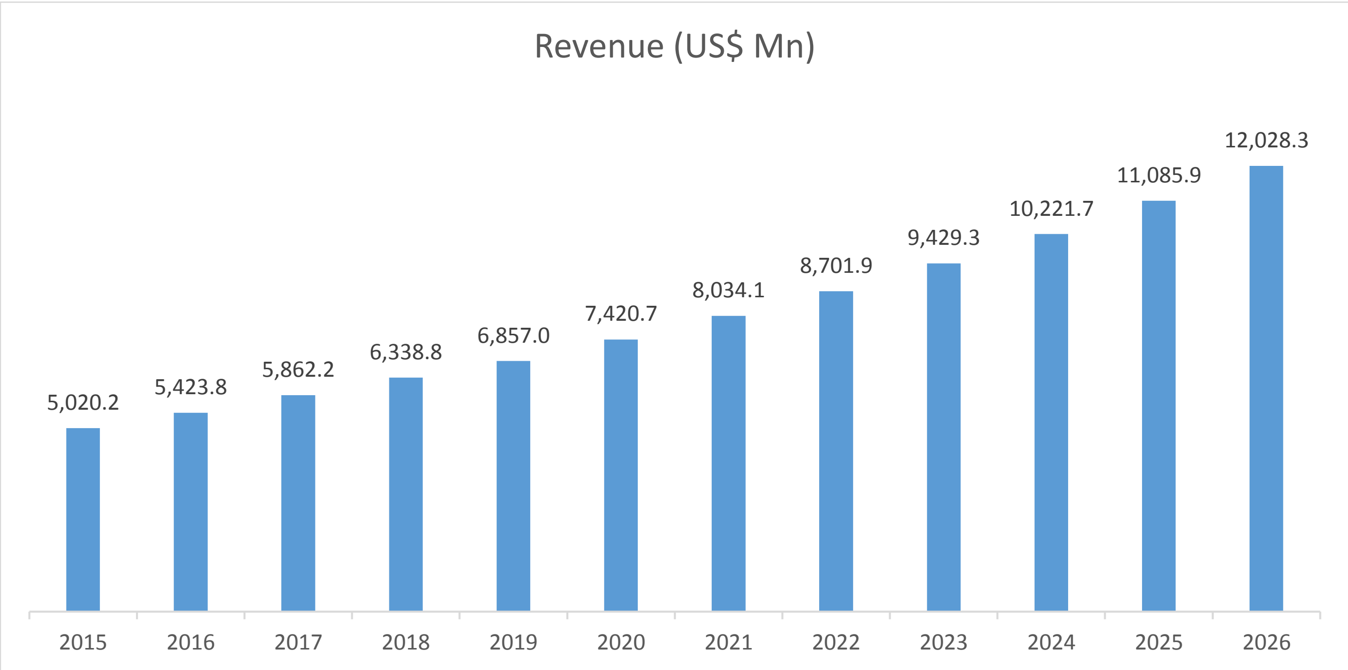


Market Revenue Analysis

In terms of revenue, the global bearing cages market was valued at USD 5,862.2 million in 2017 and is anticipated to reach USD 12,028.30 million by 2026, expanding at a CAGR of 8.3% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)*

The graphical representation of the market revenue and the forecasts have been set forth:

Market Revenue and Forecasts, 2015-2026



India

In terms of revenue, the Indian bearing cages market stood at USD 287.50 million in 2017 and is anticipated to reach USD 635.33 million by 2026, expanding at a CAGR of 9.20% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026).*

SUMMARY OF OUR BUSINESS

Investors should note that this is only a summary of our business and does not contain all information that should be considered before investing in the Equity Shares. Before deciding to invest in the Equity Shares, prospective investors should read this Draft Red Herring Prospectus, including the information in "Risk Factors", "Financial Information", "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 13, 166, 112 and 321, respectively. An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with an investment in the Equity Shares, see the section "Risk Factors" beginning on page 13.

Overview

We are the largest manufacturer of precision bearing cages in organized sector in India in terms of capacity and operations and amongst the leading manufacturers of precision bearing cages in the world with a market share of approximately 5% to 6% in the organized segment of the global brass, steel and polyamide bearing cages market in terms of revenue. Our Company holds more than 50% of the market share in the Indian bearing cages market in the organized segment for brass, steel and polyamide cages. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)* We manufacture bearing cages in brass, steel and polyamide materials with sizes of upto 2,000 mm in diameter for automotive and industrial applications, we also manufacture complex and specialised precision stamped components for automotive and industrial customers.

We are a technology driven company with a strong focus on research and development, which has allowed us to develop products suited to our customers' requirements. We have the expertise to design and develop advance tooling in-house which enables us to manufacture complex products. We have been able to manufacture more than 5,000 products in the automotive and industrial segments, allowing us to meet changing customer requirements. In addition, over the past five years our product development and innovation centre has developed more than 850 products in different bearing divisions.

We believe that we have established strong customer relationship with leading global bearing manufactures in the automotive, railways, renewable energy and other industrial sectors. Additionally, we have been involved by our key customer groups in their product development process and accordingly, we have been able to ensure repeat orders from our customers. Each of our top five customer groups have been our customers for over a decade.

While our principal production facilities are at Changodar and Moraiya, near Ahmedabad in Gujarat in India, we also have production facilities in Changshu and Suzhou in China and Ghimbav Brasov in Romania. We believe that our presence in these low cost locations helps us penetrate global markets more efficiently and effectively and allow access to our customers in over 25 countries across the world. To help us meet 'just in time' requirements of our customers we have entered into arrangements to stock inventory in warehouses spread across more than 15 locations across the world including in, Europe, US, China and South America. Our multinational presence has also allowed us to diversify our revenue geographically.

The combined bearing cages capacity of all our manufacturing units is 1,016.27 million pieces per annum and for semi-finished brass castings is 35,376 million tonnes per annum. Our facilities have end-to-end manufacturing capabilities, strong engineering and design capabilities and the ability to supply to our global customer base.

Our production facilities in India and China have been duly certified for conforming to and applying international standards of quality management systems and we have comprehensive tooling, testing and measurement infrastructure. We believe that we have been successful in diversifying our products portfolio and improve our current processes in different type of bearing cages mainly due to our research and development and technological capabilities. We believe we have been able to leverage our tooling capabilities and the expertise developed in the stamping employed for manufacture of steel cages to diversify and grow our stamping components business.

Our Promoters, Harish Ranjit Rangwala and Rajendra Shantilal Shah, have more than 32 years of experience in the precision engineering and auto-component manufacturing sector. They have been part of our Board since the incorporation of our Company in 1986 and have played a pivotal role in our innovation, success and growth. Additionally, our second generation Promoters, Vishal Rangwala, Pilak Rajendra Shah and Munjal Rangwala, are also involved in the operations and business of our Company.

For Fiscal 2018, our net profit on a consolidated basis, was ₹ 569.68 million. Given our wide presence, our revenue stream is diversified both geographically as well as across customers. For Fiscal 2018, our total revenue from operations was ₹ 7,675.29 million as per our Restated Consolidated Financial Statements, which comprised revenue from domestic sales of ₹ 2,315.85 million and revenue from export sales/sales from overseas Subsidiaries of ₹ 5,359.44 million; in Fiscal 2018, we received 47.88% of our revenue from customers in Europe, 23.62% from our customers in India, 15.87% from our customers in China and 10.68% from our customers in America. In Fiscal 2018, our return on net worth was 22.57% and our return on capital employed was 29.90%, from Fiscal 2016 to Fiscal 2018 we had a compound annual growth rate ("**CAGR**") of 10.42% in terms of total income, as per our Restated Consolidated Financial Statements.

Our Strengths

Our key strengths are as set forth below:

1. ***Diversified product portfolio.***

We have a diversified product portfolio in terms of the materials used as well as the dimensions and end-use of the finished products. We believe that we have been successful in improving our current processes in different type of bearing cages mainly due to our research and development and technological capabilities. We manufacture bearing cages in brass, steel and polyamide which represents approximately 63% of the global bearing cages market. Within our diversified product portfolio, we manufacture cylindrical roller cages, spherical roller cages, deep grove cages, angular contact cages, thrust roller cages and taper roller cages. Since our incorporation, we have manufactured more than 5,000 types of products in the automotive and industrial segments. We have been involved by our customers in the product development process and accordingly we have been able to ensure repeat orders from our customers. We believe that we are insulated to a degree against fluctuation in demand for a specific product because of the wide range of products that we currently offer and our ability to develop new products required by our customers.

2. ***Strong long-term customer relationships.***

We believe that we have established strong relationship with our customers who are leading global bearing manufactures in the automotive and industrial sectors. We supply products to customers in over 25 countries covering five continents i.e. North America, Europe, Asia, South America and Africa. Our deep expertise in area of tooling, automated production facilities, focus on research and development, coupled with technologically advanced, on time delivery and cost competitive manufacturing technology processes has resulted in repeat orders from our key customer groups which are also key global bearing manufacturers who have been our customers for over a decade. In addition, our customer-centric approach and continuous effort on transparent dealings has allowed us to enter into long term framework agreements with leading key global bearing manufacturers. We have partnered with certain of our key customer groups in the product development process, enabling our products to meet the exact specifications provided by the customers. Our long term relationship with our customers allows us to understand and cater to their diverse requirements, including the development of new products. We believe that once we have developed tooling to manufacture products for our customers, such customers prefer to give repeat orders to us. Further, it gives us an opportunity to cross sell across geographies and offer diversified product portfolio to our customers in other automotive and equipment segments into which they may diversify. This also gives us an opportunity to grow our sales in line with the growth of our customers.

3. ***Strategically located domestic and international production facilities.***

We have strategically located production facilities spread across three countries in India, China, and Romania. We believe that our presence in these locations helps us overcome significant entry barriers in comparison with our competitors, allowing us to penetrate these markets more efficiently and becoming a local supplier to leading key global bearing players. Our strategic presence in these low-cost manufacturing locations gives us the ability to cater to the needs of our customers from multiple locations, at times designing products at one location while manufacturing them at another. Our dual-shore capabilities, which is our ability to carry out design, engineering and manufacturing of products at different locations allow us to service customer requirements from alternate locations, giving the customer the benefit of regular supply and cost-competitive manufacturing operations. Additionally, to help us meet just in time requirements of our customers we have entered arrangements to stock inventory in warehouses over 15 locations across the world. Having close proximity to our key customer groups gives us a strategic advantage in ensuring greater cost effectiveness, quicker delivery and faster turn- around times, allowing us to maximize customer satisfaction in a timely manner. Our multinational presence has also allowed us to diversify our revenue geographically and enhanced our reputation which results in higher orders from India also. For Fiscal 2018, our net profit on a consolidated basis, was ₹ 569.68 million. Given our wide presence, our revenue stream is diversified both geographically as well as across customers. For Fiscal 2018, our total revenue from operations was ₹ 7,675.29 million as per our Restated Consolidated Financial Statements, which comprised revenue from domestic sales of ₹ 2,315.85 million and revenue from export sales/sales from overseas Subsidiaries of ₹ 5,359.44 million; in Fiscal 2018, we received 47.88% of our revenue from customers in Europe, 23.62% from our customers in India, 15.87% from our customers in China and 10.68% from our customers in America. In Fiscal 2018, as per our Restated Consolidated Financial Statements, our return on net worth was 22.57% and our return on capital employed was 29.90%, from Fiscal 2016 to Fiscal 2018 we had a compound annual growth rate ("**CAGR**") of 10.42% in terms of total income, as per our Restated Consolidated Financial Statements.

4. ***Deep expertise in Tooling, research and development and automation***

We believe that our decades of experience in precision engineering, deep expertise in area of tooling, strategically located production facilities, focus on research and development, coupled with technologically advanced and cost competitive manufacturing technology processes has enabled us to meet our customers' bespoke and stringent requirements. We have full-service capabilities across the product cycle including product design and development, material sourcing, designing and manufacture of complex tooling components, testing and measurement infrastructure, all under one roof for meeting the requirement of our global customers. We employ machining as well as stamping processes in our manufacturing process. Our tool room at the Indian production facilities are equipped with tool design software like Pro Engineer for 3D modelling and detailing, Numerically Controlled Tool Path, Auto Cad Station, Sheet Metal Formability Simulation, Hyperworks, that allow us to eliminate any defects in the designing process. Further, tooling machines like Hard Milling and Turning Machines, CNC Wire-cut and EDM Machines with rotary electrodes, CNC Machining Centers including five Axis Machining center and various high accuracy measuring instruments including CMMs, allow us to provide high quality precision bearing components. We currently manufacture a wide range of precision automotive and industrial components with size upto 2,000 mm in diameter. We have comprehensive tooling, testing and measurement infrastructure and independent tool designing capabilities at both our units in India as well as our production facility in Romania that has allowed us to successfully diversify our products portfolio and improve our current processes in different type of bearing cages. We believe that our engineering expertise and technology driven manufacturing processes have enabled us to deliver our products and provide timely solution to our customers in accordance with their designs and specifications, in a cost effective manner without compromising on quality.

5. ***Strong, experienced and dedicated senior management team and qualified workforce***

Our senior management team comprising of our Promoters are qualified engineers and have extensive experience and know-how in engineering sector, including, business development, operations, administration, marketing and human resource management. We leverage the understanding and the experience of our senior management in successfully managing our operations and growth. Our Promoters and Directors Harish Ranjit Rangwala and Rajendra Shantilal Shah have been in this business since incorporation of our Company. We believe their leadership and vision has helped our Company become one of the leading manufacturer of bearing cages. We believe that we also benefit significantly from the highly educated second generation management team comprising of Vishal Rangwala, Pilak Rajendra Shah and Munjal Rangwala, which we believe has an entrepreneurial vision and the technical capability to further expand our business and operations. In addition, we have a dedicated team of engineers along with other skilled and technically qualified workforce. We continuously strengthen our engineering expertise by providing in-house training to our workforce, in order to diversify and update their skill sets and keep them updated with the latest changes in manufacturing technologies and processes.

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from:

(a) the Restated Consolidated Financial Statements as at and for the Fiscals 2018, 2017, 2016, 2015 and 2014; and

(b) the Restated Standalone Financial Statements as at and for the Fiscals 2018, 2017, 2016, 2015 and 2014.

The Restated Financial Statements referred to above are presented under "Financial Statements" beginning on page 166. The summary financial information presented set forth should be read in conjunction with the Restated Financial Statements, the notes thereto and "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 166 and 321, respectively.

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HARSHA ENGINEERS LIMITED

Annexure C - I : Restated Consolidated Summary Statement of Assset and Liabilities

(Rs. In Millions)

Particulars	Notes	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
ASSETS				
Non-current assets				
Property, plant and equipment	2	1,976.96	1,914.21	2,150.34
Intangible assets	2	13.18	14.56	24.68
Capital Work-in-progress	2	14.90	15.38	132.67
Goodwill on Consolidation	3	682.80	558.99	557.28
Investment in subsidiary, associate and joint		-	-	0.00
Financial assets				
Investments	4	-	-	0.25
Loans	5	67.12	9.40	11.55
Total non-current assets		**2,754.95**	**2,512.53**	**2,876.78**
Current assets				
Inventories	7	1,753.67	1,408.76	1,247.63
Financial assets		-	-	-
Investments	4	-	130.24	17.75
Trade receivables	8	1,638.42	1,113.51	2,302.30
Cash and cash equivalents	9	205.29	376.99	464.17
Other bank balances	9	-	-	4.93
Loans & Advances	5	341.65	240.35	315.13
Other	6	79.33	81.73	65.95
Total current assets		**4,018.36**	**3,351.58**	**4,417.87**
TOTAL ASSETS		**6,773.31**	**5,864.11**	**7,294.65**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	10	120.41	120.41	120.41
Other equity	11	2,387.45	1,799.72	1,760.98
Non-Controlling Interest	**12**	**15.12**	**11.39**	**119.59**
Total Equity		**2,522.99**	**1,931.52**	**2,000.99**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	13	1,125.43	1,392.36	1,775.54
Provisions	14	41.39	37.27	45.29
Deferred tax liabilities (Net)	16	68.55	16.85	32.85
Other non-current liabilities	17	15.86	13.33	12.19
Total non-current liabilities		**1,251.23**	**1,459.81**	**1,865.87**
Current Liabilities				
Financial liabilities				
Borrowings	13	1,088.60	1,203.62	1,576.56
Trade payables	18	1,165.42	768.77	1,378.63
Other Financial Liabilities	19	11.36	1.37	6.63
Provisions	14	(7.75)	7.24	37.00
Net employee benefit Liabilities	15	0.92	0.61	1.13
Other current liabilities	17	740.55	491.17	427.84
Total current liabilities		**2,999.09**	**2,472.78**	**3,427.79**
Total Liabilities		**4,250.32**	**3,932.60**	**5,293.66**
TOTAL EQUITY AND LIABILITIES		**6,773.31**	**5,864.11**	**7,294.65**
Significant Accounting Policies	1			

The above statement should be read with the Company Overview and Significant Accounting Policies appearing in Annexure C-V, Notes to the Restated Consolidated Financial Information appearing in Annexure C-V, Statement of Adjustmets to Audited Consolidated Financial Statements appearing in Annexure C-VI, Restated Consolidated Statement of Dividend Paid appearing in Annexure C-VII, and Restated Consolidated Statement of Accounting Ratios appearing in Annexure C-VIII.

As per our report of even date attached

For Pankaj R. Shah & Associates
Chartered Accountants
FRN No.: 107361W

Sd/-
____
CA Nilesh Shah
Designated Partner
M. No. : 107414

Date : 10-08-2018
Place : Ahmedabad

For and on behalf of the Board of Directors
(CIN : U29259GJ1986PLC008520)

Sd/-
____
Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-
____
Harish Rangwala
Managing Director
DIN: 00278062

Sd/-
____
Pilak Shah
Whole-time director and CFO

Sd/-
____
Kiran Mohanty
Chief Compliance Officer & CS

Date : 10-08-2018
Place : Ahmedabad

HARSHA ENGINEERS LIMITED

Annexure C - II : Restated Consolidated Summary Statement of Profit And Loss

(Rs. In Millions)

Particulars	Notes	For the year ended 31st March, 2018 (Ind AS)	For the year ended 31st March, 2017 (Ind AS)	For the year ended 31st March, 2016 (Proforma Ind AS)
INCOME				
Revenue from operations	20	7,675.29	6,164.94	6,347.70
Other income	21	368.57	187.28	249.61
TOTAL INCOME (A)		**8,043.85**	**6,352.22**	**6,597.31**
EXPENSES				
Cost of materials consumed	22	4,113.33	3,148.44	3,117.98
Change In Inventories of Finished Goods & Work-In-Progress	23	(328.06)	(152.89)	703.24
Employee benefits expenses	24	1,104.83	980.05	727.84
Finance costs	25	180.65	256.96	182.51
Depreciation and amortization expenses	2	318.75	346.69	279.47
Other expenses	26	1,744.26	1,568.75	1,221.72
TOTAL EXPENSES (B)		**7,133.77**	**6,148.00**	**6,232.76**
Profit/ (loss) before tax (A-B)		**910.09**	**204.22**	**364.55**
Tax expense				
Current Tax		287.42	153.03	130.62
Deferred Tax	28	52.99	(16.26)	(15.14)
MAT credit entitlement		-	-	-
Profit/ (loss) after tax for the period (C)		**569.68**	**67.45**	**249.08**
Less:Profit transferred to Minority Interest		3.74	1.80	14.63
Less:Impairment of Investments in HASPL		-	17.24	-
Add:Reversal of loss on Disposal of investments in HASPL		-	61.71	-
Profit After Tax (After Adjustment Of Minority Interest)		**565.94**	**110.13**	**234.45**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Changes in fair value of FVTOCI equity instruments		(0.24)	0.24	-
Remeasurement of post-employment benefit obligations		(3.42)	(1.10)	(1.88)
Income tax relating to these items		1.28	0.30	0.64
Other comprehensive income for the period, net of tax (D)		**(2.37)**	**(0.57)**	**(1.24)**
Total Comprehensive Income for the Period (C+D)		**563.56**	**109.56**	**233.21**
Earning per equity share (EPS) for profit for the period (face value of Rs.10/-)	Annexure VIII			
*Adjusted EPS is worked out after considering bonus issue as on 27-06-2018.				
Adjusted* Basic (Rs.)		23.50	4.57	9.73
Adjusted* Diluted (Rs.)		23.50	4.57	9.73
Significant Accounting Policies	1			

The above statement should be read with the Company Overview and Significant Accounting Policies appearing in Annexure C-V, Notes to the Restated Consolidated Financial Information appearing in Annexure C-V, Statement of Adjustmets to Audited Consolidated Financial Statements appearing in Annexure C-VI, Restated Consolidated Statement of Dividend Paid appearing in Annexure C-VII, and Restated Consolidated Statement of Accounting Ratios appearing in Annexure C-VIII.

As per our report of even date attached

For Pankaj R. Shah & Associates
Chartered Accountants
FRN No.: 107361W

Sd/-

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CA Nilesh Shah
Designated Partner
M. No. : 107414

Date : 10-08-2018
Place : Ahmedabad

For and on behalf of the Board of Directors
(CIN : U29259GJ1986PLC008520)

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Rajendra Shah
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Harish Rangwala
Managing Director
DIN: 00278062

Sd/-

____

Pilak Shah
Whole-time director and CFO

Sd/-

____

Kiran Mohanty
Chief Compliance Officer & CS

Date : 10-08-2018
Place : Ahmedabad

HARSHA ENGINEERS LIMITED

Annexure C - III : Restated Consolidated Statement of Cash Flows

(Rs. In Millions)

Particulars	**For the year ended 31st March, 2018 (Ind AS)**	**For the year ended 31st March, 2017 (Ind AS)**	**For the year ended 31st March, 2016 (Proforma Ind AS)**
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax as per statement of profit and loss	910.09	204.22	364.55
Adjustments for:			
Transfer of Reserve	(0.42)	(48.20)	(42.16)
Minority Interest			
Capital Reserve on Consolidation (Net of Goodwill)	-	-	(220.92)
Depreciation, Amortisation, Depletion & Impairment	318.75	346.69	281.82
General Reserve		17.69	(0.20)
Securities Premium		(7.50)	
Foreign Currency Translation Reserve	(99.23)	(144.53)	(515.56)
Deffered Tax on OCI	(1.28)	0.26	(21.92)
P&L Additional Adjustment	(2.37)	(0.57)	
Gain / Loss on Sale of Investment	(3.67)	17.13	
Finance cost	180.65	256.96	182.51
Interest Income	(19.83)	(16.73)	(28.69)
Provisions written off	(10.88)	(37.78)	(54.04)
Profit on sale of Assets	1.46	(25.02)	1.05
Operating Profit before working capital changes	1,273.27	562.62	(53.57)
Adjustments for changes in Working Capital			
Inventories	(344.91)	(161.13)	620.98
Other Financial Liabilities	9.99	(5.27)	6.63
Trade Receivables	(524.91)	1,188.80	(1,227.95)
Other Current Assets	2.40	(15.78)	(65.95)
Other Current Liabilities	249.38	63.33	(634.57)
Trade payables	396.65	(609.86)	789.41
Net employee benefit Liabilities	0.31	(0.52)	1.13
Other Bank Balances	-	4.93	(4.93)
Cash Generated from Operations	1,062.18	1,027.11	(568.82)
Taxes (paid)/ refund	(287.42)	(153.03)	(130.62)
Net Cash Flow from Operating Activities (A)	774.76	874.08	(699.43)
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of Assets	(381.09)	41.88	(757.48)
Other Investments	133.91	(84.89)	(9.47)
Loans And Advances	(159.02)	76.94	34.17
Interest Income	19.83	16.73	28.69
Net Cash Flow from Investing Activities (B)	(386.38)	50.66	(704.08)
CASH FLOW FROM FINANCING ACTIVITIES			
Finance cost	(180.65)	(256.96)	(182.51)
Borrowings	(381.96)	(756.11)	1,818.16
Availment/(Repayment) of Non-current liability	2.53	1.14	(0.99)
Net Cash Flow from Financing Activities (C)	(560.09)	(1,011.92)	1,634.67
Net Increase/(Decrease) in Cash and Cash equivalents (D) (A+B+C)	(171.70)	(87.18)	231.15

Particulars	For the year ended 31st March, 2018 (Ind AS)	For the year ended 31st March, 2017 (Ind AS)	For the year ended 31st March, 2016 (Proforma Ind AS)
Cash and Cash equivalents at the Beginning of the Year			
Cash on hand	1.30	1.47	0.93
Balances with banks			
In current accounts	174.01	94.94	49.57
In Fixed Deposit accounts	201.68	367.76	146.94
In Margin Money Accounts			35.58
Cheque in hand	-	-	-
	376.99	**464.17**	**233.02**
Cash and Cash equivalents at the End of the Year			
Cash on hand	0.96	1.30	1.47
Balances with banks	-	-	
In current accounts	69.48	174.01	94.94
In Fixed Deposit accounts	134.85	201.68	367.76
Cheque in hand	-	-	-
	205.29	**376.99**	**464.17**

The above statement should be read with the Company Overview and Significant Accounting Policies appearing in Annexure C-V, Notes to the Restated Consolidated Financial Information appearing in Annexure C-V, Statement of Adjustmets to Audited Consolidated Financial Statements appearing in Annexure C-VI, Restated Consolidated Statement of Dividend Paid appearing in Annexure C-VII, and Restated Consolidated Statement of Accounting Ratios appearing in Annexure C-VIII.

For Pankaj R. Shah & Associates
Chartered Accountants
FRN No.: 107361W

Sd/-

CA Nilesh Shah
Designated Partner
M. No. : 107414

Date : 10-08-2018
Place : Ahmedabad

For and on behalf of the Board of Directors
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Pilak Shah
Whole-time director and CFO

Sd/-

Kiran Mohanty
Chief Compliance Officer & CS

Date : 10-08-2018
Place : Ahmedabad

Harsha Engineers Limited

Annexure D - I : Restated Consolidated Statement Of Assets And Liabilities

₹ In Millions

PARTICULARS	Note No.	As at 31st March 2015 ₹		As at 31st March 2014 ₹	
I Equity and Liabilities					
(1) SHAREHOLDERS' FUNDS					
Share Capital	1	120.41		120.41	
Reserves and Surplus	2	1,818.08	1,938.49	1,417.09	1,537.50
(2) MINORITY INTEREST	3	34.83	34.83	8.19	8.19
(3) NON-CURRENT LIABILITIES					
Long-term borrowings	4	369.52		533.96	
Deferred tax liabilities(Net)	5	48.74		92.44	
Other Long-term liabilities	6	13.18		12.46	
Long-term Provisions	7	29.14	460.58	9.06	647.92
(4) CURRENT LIABILITIES					
Short-term borrowings	8	1,164.41		953.18	
Trade payable	9	589.22		607.31	
Other current liabilities	10	1,062.41		429.30	
Short-term Provisions	11	107.19	2,923.23	103.02	2,092.81
			5,357.16		4,286.42
II Assets					
(1) NON-CURRENT ASSETS					
a Fixed Assets					
(i) Tangible Assets		1,781.12		1,864.54	
(ii) Intangible Assets		26.97		43.90	
(iii) Capital Work in Progress		1.48		5.46	
	12	1,809.57		1,913.89	
b Goodwill on Consolidation					
c Non-current investments		-		-	
d Long-term loans & advances	13	24.29		27.35	
e Other non-current assets		-	1,833.86	-	1,941.24
(2) CURRENT ASSETS					
a Current investments	14	8.53		105.00	
b Inventories	15	1,868.61		1,028.56	
c Trade receivables	16	1,074.35		685.74	
d Cash & cash equivalents	17	233.02		205.85	
e Short-term loans & advances	18	338.78	3,523.29	320.05	2,345.20
			5,357.16		4,286.42

See accompanying notes to the financial statements

The above statement should be read with the Company Overview and Significant Accounting Policies appearing in Annexure D-IV, Notes to the Restated Consolidated Financial Information appearing in Annexure D-IV, Statement of Adjustmets to Audited Consolidated Financial Statements appearing in Annexure D-V, Restated Consolidated Statement of Dividend Paid appearing in Annexure D-VI, and Restated Consolidated Statement of Accounting Ratios appearing in Annexure D-VII.

As per our Report of even date attached
For Pankaj R.Shah & Asssociates
Chartered Accountants
FRN No: 107361W

Sd/-

CA Nilesh Shah
Designated Partner
M.No.107414
Date: 10-08-2018
Place:Ahmedabad

For & on behalf of the Board of Directors

Sd/-

Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-

Harish Rangwala
Managing Director
DIN: 00278062

Sd/-

Pilak Shah
Whole-time director and CFO

Sd/-

Kiran Mohanty
Chief Compliance Officer & CS

Date: 10-08-2018
Place:Ahmedabad

Harsha Engineers Limited

Annexure D - II : Restated Consolidated Statement Of Profit And Loss Account

₹ In Millions

PARTICULARS	Note No.	For the Year Ended 31st March 2015 ₹	For the Year Ended 31st March 2014 ₹
REVENUE :			
Revenue from Operations	19	5,780.51	4,586.06
Other Income	20	473.83	133.94
TOTAL REVENUE		6,254.34	4,720.00
EXPENSES :			
Cost of Material Consumed	21	4,066.66	2,719.83
Change in Inventories of Finished Goods & Work-in-progress	22	(825.71)	3.58
Employee Benefits Expenses	23	641.08	495.87
Finance Costs	24	179.43	129.42
Depreciation and Amortization Expense	12	303.63	192.78
Other Expenses	25	1,254.14	858.51
TOTAL EXPENSES		5,619.23	4,399.99
PROFIT BEFORE TAXATION		**635.11**	**320.01**
Less : Tax Expenses			
(a) Current Tax		158.16	178.07
(b) Deferred Tax		(22.54)	(2.89)
		135.62	175.18
PROFIT AFTER TAX		**499.49**	144.83
Less:Profit transferred to Minority Interest		19.19	(0.04)
PROFIT AFTER TAX (After adjustment of minority interest)		**480.30**	144.87
Adjusted Earnings per Equity share Rs.(basic and diluted)	Annexure VII	19.94	6.02
(*Adjusted EPS has been worked out considering the bonus issue)			
See accompanying notes to the financial statements			

The above statement should be read with the Company Overview and Significant Accounting Policies appearing in Annexure D-IV, Notes to the Restated Consolidated Financial Information appearing in Annexure D-IV, Statement of Adjustmets to Audited Consolidated Financial Statements appearing in Annexure D-V, Restated Consolidated Statement of Dividend Paid appearing in Annexure D-VI, and Restated Consolidated Statement of Accounting Ratios appearing in Annexure D-VII.

As per our Report of even date attached
For Pankaj R.Shah & Asssociates
Chartered Accountants
FRN No: 107361W

Sd/-

CA Nilesh Shah
Designated Partner
M.No.107414
Date: 10-08-2018
Place:Ahmedabad

For & on behalf of the Board of Directors

Sd/-
Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-
Harish Rangwala
Managing Director
DIN: 00278062

Sd/-
Pilak Shah
Whole-time director and CFO

Sd/-
Kiran Mohanty
Chief Compliance Officer & CS

Date: 10-08-2018
Place:Ahmedabad

Harsha Engineers Limited
Annexure D - III : Restated Consolidated Statement Of Cash Flows

₹ In Millions

	PARTICULARS	For the Year Ended 31st March 2015		For the Year Ended 31st March 2014	
		SUB TOTAL	TOTAL	SUB TOTAL	TOTAL
(A)	**Cash Flow from Operating Activities**				
	Net Profit Before Tax and Exceptional Items	**635.11**		320.01	
	Adjustment for:				
	Current Tax	(158.16)		(24.47)	
	Depreciation	303.63		192.78	
	Provision for Employees Benefits(Gratuity & Leave Salary-AS-	20.08		0.12	
	Interest Expenses	179.43		129.42	
	Interest Income	(23.93)		(7.28)	
	Profit/Loss on sale of Fixed Assets (Net)	1.29		(15.66)	
	Profit/Loss on sale of Current Investments (Net)	4.24		(4.83)	
	Operating Profit before Working Capital Changes	**961.69**		**590.09**	
	Adjustment for:				
	Trade and other receivables	(388.61)		(123.49)	
	Inventories	(840.05)		304.07	
	Changes In FCTR	17.42			
	Short Term Borrowings	211.27		62.90	
	Other Current Liabilities	633.11		35.64	
	Short Term Loans & Advances	(18.74)		(136.54)	
	Trade Payables and other payables	(18.09)		23.66	
	Cash Generated from Operations	**558.00**		**756.34**	
	Direct Taxes Paid (Net)			(153.60)	
	Net cash from Operating Activities		**558.00**		**602.73**
(B)	**Cash Flow from Investing Activities**				
	Purchase of Fixed Assets	(284.43)		(607.78)	
	Long Terms Loans & Advances	3.06		(9.33)	
	Sale of Investments	92.23		22.91	
	Interest received	23.93		7.28	
	Net Cash from / (used in) Investing Activities		**(165.21)**		**(586.92)**
(C)	**Cash Flow from Financing Activities**				
	Proceeds from borrowings	(164.44)		259.33	
	Other Long Term Liabilities	0.72		(16.61)	
	Equity Adjustments	45.83		(86.90)	
	Provisions	4.17		1.42	
	Interest paid	(179.43)		(129.42)	
	Dividends paid	(60.21)		(60.21)	
	Corporate dividend tax	(12.26)		(10.23)	
	Net Cash from / (used in) financing activities		**(365.62)**		**(42.63)**
(D)	**Net Increase / (Decrease) in Cash and Cash Equivalent**		**27.17**		**(26.82)**
	Cash and Cash equivalent at beginning of the year		205.85		232.67
	Cash and Cash equivalent at end of the year		233.02		205.85
	Net Balance - Increase (Decrease)		**27.17**		**(26.82)**

As per our Report of even date attached
For Pankaj R.Shah & Asssociates
Chartered Accountants
FRN No: 107361W

Sd/-

____
CA Nilesh Shah
Designated Partner
M.No.107414

Date: 10-08-2018
Place:Ahmedabad

For & on behalf of the Board of Directors

Sd/-	Sd/-
______________	______________
Rajendra Shah	**Harish Rangwala**
Wholetime director & CEO	Managing Director
DIN: 00061922	DIN: 00278062
Sd/-	Sd/-
________________	______________
Pilak Shah	**Kiran Mohanty**
Whole-time director and CFO	Chief Compliance Officer & CS

Date: 10-08-2018
Place:Ahmedabad

HARSHA ENGINEERS LIMITED

Annexure A-I : Restated Standalone Statement Of Assets And Liabilities

(Rs. In Millions)

Particulars	Notes	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
ASSETS				
Non-current assets				
Property, plant and equipment	2	1,063.38	1,026.19	1,091.33
Intangible assets	2	3.69	2.32	4.68
Capital Work-in-progress	2	9.84	13.95	2.06
Investment in subsidiary, associate and joint venture	3	918.75	918.75	979.64
Financial assets				
Loans	5	964.03	619.32	675.24
Total non-current assets		**2,959.71**	**2,580.54**	**2,752.94**
Current assets				
Inventories	7	1,228.96	1,059.80	924.89
Financial assets				
Investments	4	-	130.24	-
Trade receivables	8	1,136.08	731.66	649.39
Cash and cash equivalents	9	139.10	323.26	164.36
Loans & Advances	5	332.98	197.50	184.30
Other financial assets	6	79.33	81.73	65.95
Total current assets		**2,916.46**	**2,524.18**	**1,988.89**
TOTAL ASSETS		**5,876.17**	**5,104.73**	**4,741.83**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	10	120.41	120.41	120.41
Other equity	11	2,977.01	2,371.23	2,044.35
Total Equity		**3,097.42**	**2,491.64**	**2,164.76**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	12	431.50	614.57	836.27
Provisions	14	41.39	37.27	40.86
Deferred tax liabilities (Net)	15	66.34	13.82	30.62
Other non-current liabilities	16	15.58	13.13	12.06
Total non-current liabilities		**554.82**	**678.79**	**919.81**
Current Liabilities				
Financial liabilities				
Borrowings	12	980.13	1,114.64	980.80
Trade payables	17	831.92	462.89	355.48
Other Financial laibilities	13	11.36	1.37	6.63
Provisions	14	(3.17)	3.56	26.77
Other current liabilities	16	403.67	351.83	287.58
Total current liabilities		**2,223.91**	**1,934.29**	**1,657.26**
Total Liabilities		**2,778.73**	**2,613.08**	**2,577.07**
TOTAL EQUITY AND LIABILITIES		**5,876.17**	**5,104.73**	**4,741.83**
Significant Accounting Policies	1			

The above statement should be read with the Company Overview and Significant Accounting Policies appearing in Annexure A-V, Notes to the Restated Standalone Financial Information appearing in Annexure A-V, Statement of Adjustmets to Audited Standalone Financial Statements appearing in Annexure A-VI, Restated Standalone Statement of Dividend Paid appearing in Annexure A-VII, and Restated Standalone Statement of Accounting Ratios appearing in Annexure A-VIII.

As per our report of even date attached

For Pankaj R. Shah & Associates
Chartered Accountants
FRN No.: 107361W

Sd/-

CA Nilesh Shah
Designated Partner
M. No. : 107414

Date : 10-08-2018
Place : Ahmedabad

For and on behalf of the Board of Directors
(CIN : U29259GJ1986PLC008520)

Sd/-
Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-
Harish Rangwala
Managing Director
DIN: 00278062

Sd/-
Pilak Shah
Whole-time director and CFO

Sd/-
Kiran Mohanty
Chief Compliance Officer & CS

Date : 10-08-2018
Place : Ahmedabad

HARSHA ENGINEERS LIMITED

Annexure A - II : Restated Standalone Statement Of Profit And Loss

(Rs. In Millions)

Particulars	Notes	For the year ended 31st March, 2018 (Ind AS)	For the year ended 31st March, 2017 (Ind AS)	For the year ended 31st March, 2016 (Proforma Ind AS)
INCOME				
Revenue from operations	18	5,073.16	3,557.69	3,294.30
Other income	19	415.74	157.58	213.44
TOTAL INCOME (A)		**5,488.89**	**3,715.26**	**3,507.74**
EXPENSES				
Cost of materials consumed	20	2,649.79	1,700.68	1,515.03
Change In Inventories Of Finished Goods & Work-In-Progress	21	(139.48)	(108.09)	(11.61)
Employee benefits expenses	22	624.83	524.71	486.83
Finance costs	23	147.51	178.56	117.98
Depreciation and amortization expenses	2	122.33	133.48	163.99
Other expenses	24	1,141.15	824.77	828.72
TOTAL EXPENSES (B)		**4,546.12**	**3,254.12**	**3,100.95**
Profit/ (loss) before tax (A-B)		**942.77**	**461.15**	**406.79**
Tax expense				
Current Tax		280.75	150.30	119.10
Deferred Tax	26	53.82	(16.53)	(15.12)
MAT credit entitlement		-	-	
Profit/ (loss) after tax for the period (C)		**608.20**	**327.38**	**302.81**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Changes in fair value of FVTOCI equity instruments		(0.24)	0.24	-
Remeasurement of post-employment benefit obligations		(3.48)	(1.00)	(1.52)
Income tax relating to these items		1.30	0.26	0.53
Other comprehensive income for the period, net of tax (D)		**(2.42)**	**(0.50)**	**(0.99)**
Total Comprehensive Income for the Period (C+D)		**605.78**	**326.88**	**301.81**
Earning per equity share (EPS) for profit for the period (face value of Rs.10/-)	Annexure A- VII			
*Adjusted EPS is worked out after considering bonus issue.				
Adjusted* Basic (Rs.)		25.25	13.59	12.57
Adjusted* Diluted (Rs.)		25.25	13.59	12.57
Significant Accounting Policies	1			

The above statement should be read with the Company Overview and Significant Accounting Policies appearing in Annexure A-V, Notes to the Restated Standalone Financial Information appearing in Annexure A-V, Statement of Adjustmets to Audited Standalone Financial Statements appearing in Annexure A-VI, Restated Standalone Statement of Dividend Paid appearing in Annexure A-VII, and Restated Standalone Statement of Accounting Ratios appearing in Annexure A-VIII.

As per our report of even date attached

For Pankaj R. Shah & Associates
Chartered Accountants
FRN No.: 107361W

Sd/-

CA Nilesh Shah
Designated Partner
M. No. : 107414

Date : 10-08-2018
Place : Ahmedabad

For and on behalf of the Board of Directors
(CIN : U29259GJ1986PLC008520)

Sd/-

Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-

Harish Rangwala
Managing Director
DIN: 00278062

Sd/-

Pilak Shah
Whole-time director and CFO

Sd/-

Kiran Mohanty
Chief Compliance Officer & CS

Date : 10-08-2018
Place : Ahmedabad

HARSHA ENGINEERS LIMITED

Annexure A - III : Restated Standalone Statement Of Cash Flows

(Rs. In Millions)

Particulars	For the year ended 31st March, 2018 (Ind AS)	For the year ended 31st March, 2017 (Ind AS)	For the year ended 31st March, 2016 (Proforma Ind AS)
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax as per statement of profit and loss	942.77	461.15	406.78
Adjustments for:			
Current Tax	(3.60)	(26.77)	846.58
Depreciation, Amortisation, Depletion & Impairment	122.33	133.48	163.99
Exchange Rate Fluctuation & Provision for employee benefit			
Due to IND AS Adjustments			(72.46)
Interest Income	(45.66)	(33.89)	(24.65)
Dividend Income	-	-	-
Interest Expenses	147.51	178.56	117.98
Gain / Loss on Sale of Investment	(3.67)	17.13	(23.29)
(Profit)/Loss on sale of Assets	1.46	(7.89)	1.07
Operating Profit before working capital changes	1,161.13	721.77	1,416.01
Adjustments for changes in Working Capital			
Inventories	(169.17)	(134.90)	56.07
Trade Receivables	(404.42)	(82.27)	6.99
Loan and Advances	(135.48)	(13.20)	(25.11)
Other Financial Assets	2.40	(15.78)	(66.95)
Other Financial Liabilities	9.99	(5.27)	6.63
Other Current Liabilities	51.84	64.25	(0.45)
Trade payables	369.03	107.42	(19.33)
Net employee benefit Liabilities	0.64	(4.58)	11.81
Cash Generated from Operations	885.96	637.43	1,385.68
Taxes (paid)/ refund	(283.88)	(146.74)	(1,045.84)
Net Cash Flow from Operating Activities (A)	602.08	490.69	339.84
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	(158.23)	(70.00)	(68.63)
Investment in Mutual Funds	133.67	(147.13)	30.85
Loan and advances	(344.72)	55.92	(592.74)
Interest Income	45.66	33.89	24.65
Other Non-Current Liabilities	2.46	1.07	(0.94)
Net Cash Flow from Investing Activities (B)	(321.16)	(126.25)	(606.80)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceed from Sales of Investment in Subsidiaries	-	60.88	(305.09)
Finance cost	(147.51)	(178.56)	(117.98)
Availment/(Repayment) of Loans	(317.57)	(87.87)	687.13
Net Cash Flow from Financing Activities (C)	(465.08)	(205.54)	264.06
Net Increase/(Decrease) in Cash and Cash equivalents (D) (A+B+C)	(184.16)	158.90	(2.90)

Particulars	For the year ended 31st March, 2018 (Ind AS)	For the year ended 31st March, 2017 (Ind AS)	For the year ended 31st March, 2016 (Proforma Ind AS)
Cash and Cash equivalents at the Beginning of the Year			
Cash on hand	1.12	0.97	0.54
Balances with banks		-	-
In current accounts	120.45	10.58	19.61
In Fixed Deposit accounts	201.68	152.82	146.94
	323.26	**164.36**	**167.10**
Cash and Cash equivalents at the End of the Year			
Cash on hand	0.57	1.12	0.97
Balances with banks			-
In current accounts	3.68	120.45	10.58
In Fixed Deposit accounts	134.85	201.68	152.82
	139.10	**323.26**	**164.36**

The above Restated Standalone Cash Flow Statement has been prepared under the Indirect Method as set out in "Indian Accounting Standard 7 Cash Flow Statement notified under Section 133 of Companies Act, 2013 ('Act') read with Rule 4 of the Companies (Indian Accounting standards) Rules 2015 and the relevant provisions of the Act.

The above statement should be read with the Company Overview and Significant Accounting Policies appearing in Annexure A-V, Notes to the Restated Standalone Financial Information appearing in Annexure A-V, Statement of Adjustmets to Audited Standalone Financial Statements appearing in Annexure A-VI, Restated Standalone Statement of Dividend Paid appearing in Annexure A-VII, and Restated Standalone Statement of Accounting Ratios appearing in Annexure A-VIII.

For Pankaj R. Shah & Associates
Chartered Accountants
FRN No.: 107361W

Sd/-

CA Nilesh Shah
Designated Partner
M. No. : 107414

Date : 10-08-2018
Place : Ahmedabad

For and on behalf of the Board of Directors
(CIN : U29259GJ1986PLC008520)

Sd/-

Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-

Harish Rangwala
Managing Director
DIN: 00278062

Sd/-

Pilak Shah
Whole-time director and CFO

Sd/-

Kiran Mohanty
Chief Compliance Officer & CS

Date : 10-08-2018
Place : Ahmedabad

Harsha Engineers Limited

Annexure B - I : Restated Standalone Statement Of Assets And Liabilities

₹ In Millions

Particular	Note No.	As at 31st March 2015 ₹		As at 31st March 2014 ₹	
I Equity and Liabilities					
(1) SHAREHOLDERS' FUNDS					
Share Capital	1	120.41		120.41	
Reserves and Surplus	2	1,816.76	1,937.17	1,697.97	1,818.38
(2) NON-CURRENT LIABILITIES					
Long-term borrowings	3	355.46		481.92	
Deferred tax liabilities(Net)	4	46.27		88.37	
Other Long-term liabilities	5	13.00		12.43	
Long-term Provisions	6	27.53	442.26	8.26	590.98
(3) CURRENT LIABILITIES					
Short-term borrowings	7	774.48		873.42	
Trade payable	8	375.06		324.96	
Other current liabilities	9	288.03		218.22	
Short-term Provisions	10	108.09	1,545.66	101.52	1,518.12
			3,925.08		3,927.48
II Assets					
(1) NON-CURRENT ASSETS					
a Fixed Assets					
(i) Tangible Assets		1,186.69		1,229.83	
(ii) Intangible Assets		6.33		14.74	
(iii) Capital Work in Progress		1.48		5.46	
	11	1,194.50		1,250.03	
b Non-current investments	12	674.54		629.17	
c Long-term loans & advances	13	82.49		88.38	
d Other non-current assets		-	1,951.53	-	1,967.58
(2) CURRENT ASSETS					
a Current investments	14	7.57		105.00	
b Inventories	15	959.55		838.74	
c Trade receivables	16	630.57		607.30	
d Cash & cash equivalents	17	167.09		146.26	
e Short-term loans & advances	18	208.78	1,973.56	262.60	1,959.90
			3,925.08		3,927.48

See accompanying notes to the financial statements

The above statement should be read with the Company Overview and Significant Accounting Policies appearing in Annexure B-IV, Notes to the Restated Standalone Financial Information appearing in Annexure B-IV, Statement of Adjustmets to Audited Standalone Financial Statements appearing in Annexure B -V, Restated Standalone Statement of Dividend Paid appearing in Annexure B-VI,and Restated Standalone Statement of Accounting Ratios appearing in Annexure B-VII.

As per our Report of even date attached
For Pankaj R.Shah & Asssociates
Chartered Accountants
FRN No.:107361W

Sd/-

CA Nilesh Shah
Designated Partner
M.No.107414
Date: 10-08-2018
Place:Ahmedabad

For & on behalf of the Board of Directors

Sd/-
Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-
Harish Rangwala
Managing Director
DIN: 00278062

Sd/-
Pilak Shah
Whole-time director and CFO

Sd/-
Kiran Mohanty
Chief Compliance Officer & CS

Date: 10-08-2018
Place:Ahmedabad

Harsha Engineers Limited

Annexure B - II : Restated Standalone Statement Of Profit And Loss Account

₹ In Millions

Particular	Note No.	For the Year Ended 31st March 2015 ₹	For the Year Ended 31st March 2014 ₹
REVENUE :			
Revenue from Operations	19	3,564.30	3,038.72
Other Income	20	113.53	154.71
TOTAL REVENUE		3,677.83	3,193.43
EXPENSES :			
Cost of Material Consumed	21	1,773.21	1,497.15
Change in Inventories of Finished Goods & Work-in-progress	22	(110.15)	(6.44)
Employee Benefits Expenses	23	448.44	388.49
Finance Costs	24	137.36	98.58
Depreciation and Amortization Expense	11	199.29	146.93
Other Expenses	25	864.44	668.40
TOTAL EXPENSES		3,312.59	2,793.11
PROFIT BEFORE TAXATION		365.24	400.32
Less : Tax Expenses			
(a) Current Tax		157.45	176.70
(b) Deferred Tax		(22.25)	(5.21)
		135.20	171.49
PROFIT AFTER TAXATION		230.04	228.83
Adjusted Earnings per Equity share* Rs.(basic and diluted)	Annexure B-VII	9.55	9.50
(*Adjusted EPS has been worked out considering the bonus issue) as on 27-06-2018			

See accompanying notes to the financial statements

The above statement should be read with the Company Overview and Significant Accounting Policies appearing in Annexure B-IV, Notes to the Restated Standalone Financial Information appearing in Annexure B-IV, Statement of Adjustmets to Audited Standalone Financial Statements appearing in Annexure B -V, Restated Standalone Statement of Dividend Paid appearing in Annexure B-VI,and Restated Standalone Statement of Accounting Ratios appearing in Annexure B-VII.

As per our Report of even date attached
For Pankaj R.Shah & Asssociates
Chartered Accountants
FRN No.:107361W

Sd/-

CA Nilesh Shah
Designated Partner
M.No.107414
Date: 10-08-2018
Place:Ahmedabad

For & on behalf of the Board of Directors

Sd/-

Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-

Harish Rangwala
Managing Director
DIN: 00278062

Sd/-

Pilak Shah
Whole-time director and CFO

Sd/-

Kiran Mohanty
Chief Compliance Officer & CS

Date: 10-08-2018
Place:Ahmedabad

Harsha Engineers Limited
Annexure B - III : Restated Standalone Statement Of Cash Flows

₹ In Millions

	PARTICULARS	For the Year Ended 31.03.2015		For the Year Ended 31.03.2014	
		SUBTOTAL	TOTAL	SUBTOTAL	TOTAL
(A)	**Cash Flow from Operating Activities**				
	Net Profit Before Tax and Exceptional Items	365.24		400.32	
	Adjustment for:				
	Current Tax	(157.45)		(176.70)	
	Depreciation				
	Depreciation In Respect Of Asset sale	(58.36)		-	
	Interest Expenses	137.36		98.58	
	Interest Income	(25.29)		(26.01)	
	Dividend Income				
	Profit/Loss on sale of Fixed Assets (Net)	1.36		(15.66)	
	Profit/Loss on sale of Current Investments (Net)	(1.73)		(3.04)	
	Operating profit before Working Capital changes	**261.13**		**277.49**	
	Adjustment for:				
	Trade receivables	(23.27)		(18.13)	
	Inventories	(121.08)		(116.67)	
	Other Current Liabilities	69.81		48.70	
	Short Term Loans And Advances	53.82		(130.12)	
	Provision	25.84		3.57	
	Short Term Borrowing	(98.94)		111.96	
	Trade Payables	50.10		118.59	
	Cash Generated from Operations	**217.41**		**295.39**	
	Direct Taxes Paid (Net)	-		-	
	Net cash from Operating Activities		**217.41**		**295.39**
(B)	**Cash Flow from Investing Activities**				
	Purchase of Fixed Assets				
	Sale of Fixed Assets	54.17		62.09	
	Sale of Investments	99.16		18.04	
	Equity Investment in subsidiaries	(45.37)		(463.16)	
	Long Term Loans & Advances	5.89		(9.67)	
	Interest received	25.29		26.01	
	Net Cash from / (used in) Investing Activities		**139.14**		**(366.69)**
(C)	**Cash Flow from Financing Activities**				
	Proceeds from borrowings	(126.46)		296.33	
	Other Long Term Liabilities	0.57		(16.62)	
	Interest paid	(137.36)		(98.58)	
	Dividends paid (Including DDT)	(72.47)		(70.44)	
	Net Cash from / (used in) financing activities		**(335.72)**		**110.69**
(D)	**Net increase / (Decrease) in Cash and Cash Equivalent**		20.83		39.39
	Cash and Cash equivalent at beginning of the year		146.26		106.87
	Cash and Cash equivalent at end of the year		167.09		146.26
	Net Balance - Increase (Decrease)		**20.83**		**39.39**

The cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 (AS 3) on "Cash flow Statements".

The above statement should be read with the Company Overview and Significant Accounting Policies appearing in Annexure B-IV, Notes to the Restated Standalone Financial Information appearing in Annexure B-IV, Statement of Adjustmets to Audited Standalone Financial Statements appearing in Annexure B -V, Restated Standalone Statement of Dividend Paid appearing in Annexure B-VI,and Restated Standalone Statement of Accounting Ratios appearing in Annexure B-VII.

As per our Report of even date attached
For Pankaj R.Shah & Asssociates
Chartered Accountants
FRN No.:107361W

Sd/-

CA Nilesh Shah
Designated Partner
M.No.107414
Date: 10-08-2018
Place:Ahmedabad

For & on behalf of the Board of Directors

Sd/-

Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-

Harish Rangwala
Managing Director
DIN: 00278062

Sd/-

Pilak Shah
Whole-time director and CFO

Sd/-

Kiran Mohanty
Chief Compliance Officer & CS

Date: 10-08-2018
Place:Ahmedabad

THE OFFER

The following table summarizes the details of the Offer:

Offer(1)(2)	Up to [●] Equity Shares, aggregating up to ₹ [●] million
of which:	
(i) Fresh Issue(1)	Up to [●] Equity Shares, aggregating up to ₹ 3,700 million
(ii) Offer for Sale(2)	Up to 1,325,000 Equity Shares, aggregating up to ₹ [●] million
The Offer comprises of:	
Employee Reservation Portion(5)	Up to [●] Equity Shares, aggregating up to ₹ [●] million
Net Offer	
The Net Offer consists of:	
A) QIB Portion (3) (4)(5)	[●] Equity Shares
of which:	
(i) Anchor Investor Portion	Up to [●] Equity Shares
(ii) Balance available for allocation to QIBs other than Anchor Investors (assuming Anchor Investor Portion is fully subscribed)	[●] Equity Shares
of which:	
(a) Available for allocation to Mutual Funds only (5% of the QIB Portion (excluding the Anchor Investor Portion))(5)	Up to [●] Equity Shares
(b) Balance of QIB Portion (excluding the Anchor Investor Portion) for all QIBs including Mutual Funds	Up to [●] Equity Shares
B) Non-Institutional Portion(3)	Not less than [●] Equity Shares
C) Retail Portion(3)	Not less than [●] Equity Shares
Pre-Offer and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer	24,082,800 Equity Shares
Equity Shares outstanding after the Offer	[●] Equity Shares
Utilisation of Net Proceeds	
See "*Objects of the Offer*", beginning on page 78 for information about the use of the proceeds from the Fresh Issue. Our Company will not receive any proceeds from the Offer for Sale.	

(1) *The Offer comprises of the Fresh Issue and the Offer for Sale. The Offer has been authorised by our Board pursuant to its resolution on June 25, 2018 and the Fresh Issue has been authorised by our Shareholders pursuant to their special resolution June 27, 2018.*

(2) *The Selling Shareholders specifically confirm that the Offered Shares have been held for a period of at least one year prior to the date of filing of this Draft Red Herring Prospectus with SEBI, calculated in the manner as set out under Regulation 26(6) of the SEBI Regulations and accordingly, are eligible for being offered for sale in this Offer. For details on the authorisation of the Selling Shareholders in relation to the Offered Shares, see "Other Regulatory and Statutory Disclosures", on page 354.*

(3) *Subject to valid bids being received at or above the Offer Price, under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories of Bidders at the discretion of our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers and the Designated Stock Exchange, subject to applicable laws. In the event of under-subscription in the Offer, Equity Shares offered pursuant to the Fresh Issue shall be allocated prior to Equity Shares offered pursuant to the Offer for Sale. However, after receipt of minimum subscription of 90% of the Fresh Issue, Equity Shares offered pursuant to the Offer for Sale shall be allocated prior to Equity Shares offered pursuant to the Fresh Issue. For details, see "Offer Procedure", beginning on page 375.*

(4) *Our Company and the Selling Shareholders may, in consultation with the Book Running Lead Managers, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. The QIB Portion will accordingly be reduced for the Equity Shares allocated to*

Anchor Investors. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the QIB Portion. 5% of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. In the event the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion (excluding Anchor Investor Portion) and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For details, see "Offer Procedure", beginning on page 375.

(5) *Subject to valid Bids received at or above Offer Price, under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers and the Designated Stock Exchange. In the event of under-subscription in the Employee Reservation Portion (if any), the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000. The unsubscribed portion, if any, in the Employee Reservation Portion after allocation up to ₹ 500,000, shall be added to the Net Offer.*

Allocation to Bidders in all categories, except the Retail Portion and the Anchor Investor Portion, if any, shall be made on a proportionate basis, subject to valid Bids, being received at or above the Offer Price. The allocation to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to the availability of Equity Shares in the Retail Portion, and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. For further details, see "*Offer Structure*", "*Offer Procedure*" and "*Terms of the Offer*", beginning on pages 372, 375 and 368, respectively.

GENERAL INFORMATION

Our Company was incorporated as Harsha Engineers Private Limited on March 4, 1986 at Ahmedabad, Gujarat as a private limited company under the Companies Act, 1956. Our Company became a deemed public limited company under Section 43A(1) of the Companies Act, 1956, and the word "private" was struck off from the name of our Company with effect from July 1, 1998. Pursuant to a resolution of our Shareholders on August 27, 2001, our Company was converted into a public limited company and its name changed to Harsha Engineers Limited. Consequently, the Registrar of Companies issued a fresh certificate of incorporation on September 18, 2001. For further details see "*History and Certain Corporate Matters"* on page 132.

For details of the business of our Company, see "*Our Business*" beginning on page 112.

Registered Office and Corporate Office
Sarkhej-Bavla Road
PO Changodar
Ahmedabad – 382 213

Tel: (91 2717) 618 200
Fax: (91 2717) 618 259
Email: sec@harshaengineers.com
Website: www.harshaengineers.com

For further details in relation to change in the registered office of our Company, see "*History and Certain Corporate Matters*" on page 132.

Corporate Identification Number and Registration Number

Corporate Identity Number: U29259GJ1986PLC008520

Registration Number: 008520

Address of the RoC

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

Registrar of Companies, Gujarat at Ahmedabad
ROC Bhavan, opposite Rupal Park Society,
Behind Ankur Bus Stop,
Naranpura, Ahmedabad – 380 013

Phone: (91 79) 2743 7597
Fax: (91 79) 2743 8371

Board of Directors

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

Name	Designation	DIN	Address
Jitendra Ujamsi Mamtora	Independent Director and Chairman	00139911	2, Ashwavilla Society Part - II, Rajpath Rangoli Road, Thaltej, Ahmedabad 380 054
Harish Ranjit Rangwala	Managing Director	00278062	1, Ashwavilla Society Part - II, Off. Sindhu Bhavan Road, P.O. Thaltej, Ahmedabad 380 045
Rajendra Shantilal Shah	Whole time Director and Chief Executive Officer	00061922	C/289, Manekbaug Society, Ambawadi, Ahmedabad 380 015
Vishal Rangwala	Whole Time Director and Chief Operating Officer	02452416	1, Ashwavilla Society Part - II, Off. Sindhu Bhavan Road, P.O. Thaltej, Ahmedabad 380 045
Pilak Rajendra Shah	Whole Time Director and Chief Financial Officer	00407960	289/C, Manekbaug Society, Ambawadi, Ahmedabad 380 015
Munjal Rangwala	Non-executive Director	03033699	1, Ashwavilla Society Part - II, Off. Sindhu Bhavan Road, P.O.Thaltej, Ahmedabad 380 045
Ambar Jayantilal Patel	Additional Independent Director	00050042	15, Sagar Society, opposite Shakti Enclave, Judges Bunglow Road, Ahmedabad 380 054
Neharika Vohra	Additional Independent Director	06808439	House number 413, IIM Campus, Vastrapur, Ahmedabad 380 015
Kunal Dilipbhai Shah	Additional Independent Director	02087152	218 Sevasadan Sushil Park, near Sunrise Park, Vastrapur, Ahmedabad 380 054

For further details of our Board, see "*Our Management*" beginning on page 140.

Chief Financial Officer

Pilak Rajendra Shah is the Chief Financial Officer of our Company. His contact details are as follows:

Pilak Rajendra Shah
Sarkhej-Bavla Road
PO Changodar
Ahmedabad – 382 213

Tel: (91 2717) 618200
Fax: (91 2717) 618259
E-mail: cfo@ harshaengineers.com

Company Secretary and Compliance Officer

Kiran Mohanty is the Chief Compliance Officer, Company Secretary of our Company and shall also serve as the Compliance Officer for the Offer. His contact details are as follows:

Kiran Mohanty
Sarkhej-Bavla Road
PO Changodar
Ahmedabad – 382 213

Tel: (91 2717) 618200
Fax: (91 2717) 618259
E-mail: sec@harshaengineers.com

Investor grievances

Prospective Investors can contact the Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of Allotment Advice, credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations, funds not being unblocked and non-receipt of funds by electronic mode.

For all Offer related queries and for redressal of complaints, investors may also write to the Book Running Lead Managers. All complaints, queries or comments received by SEBI shall be forwarded to the Book Running Lead Managers, who shall respond to such complaints.

All Offer related grievances may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, PAN, date of submission of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

Further, the Bidders shall also enclose a copy of the Acknowledgement Slip duly received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

Book Running Lead Managers

Axis Capital Limited
1st floor, Axis House,
C-2 Wadia International Centre
Pandurang Budhkar Marg, Worli,
Mumbai- 400 025

Tel: (91 22) 4325 1199
Fax: (91 22) 4325 3000
E-mail: hel@axiscap.in
Investor grievance E-mail: complaints@axiscap.in
Website: www.axiscapital.co.in
Contact Person: Simran Gadh
SEBI Registration No.: INM000012029

Edelweiss Financial Limited
14th Floor, Edelweiss House
Off. C.S.T. Road
Kalina
Mumbai 400 098

Tel: (91 22) 4009 4400
Fax: (91 22) 4086 3610
E-mail: hel.ipo@edelweissfin.com
Website: www.edelweissfin.com
Investor Grievance E-mail:
customerservice.mb@edelweissfin.com
Contact Person: Ashish Gupta
SEBI Registration No.: INM0000010650

Syndicate Members

[●]

Legal Advisors to the Offer

Legal Counsel to our Company

Cyril Amarchand Mangaldas
5th Floor, Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel, Mumbai 400 013

Tel: (91 22) 2496 4455
Fax: (91 22) 2496 3666

Legal Counsel to the Book Running Lead Managers

J. Sagar Associates
Vakils House
18 Sprott Road, Ballard Estate
Mumbai 400 001

Tel: (91 22) 4341 8600
Fax: (91 22) 4341 8617

Registrar to the Offer

Link Intime India Private Limited
C-101,1st Floor, 247 Park L.B.S. Marg
Vikhroli (West)
Mumbai 400 083

Tel: (91 22) 4918 6200
Fax: (91 22) 4918 6195
Email: harshaengineers.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Shanti Gopalkrishnan
SEBI Registration Number: INR000004058

Statutory Auditor to our Company

M/s. Pankaj R. Shah & Associates

7th Floor, Regency Plaza
Opposite Rahul Tower, Nr. Madhur Hall
Anandnagar Cross Roads, Satellite
Ahmedabad 380 015

Tel: (91 79) 2693 1024
Fax: (91 79) 2693 2874
E-mail: chintan.shah@prsca.in
Firm registration number: 107361W
Peer review certificate number: 010350

Banker to the Offer

[●]

Escrow Collection Bank

[●]

Refund Bank

[●]

Bankers to our Company

Citi Bank N.A
Kalapurnam, 1st Floor, Near Municipal Market
C.G. Road
Ahmedabad 380 009

Tel: (91 22) 6175 6505
Fax: (91 22) 2681 6125
E-mail: Shailesh.c.shah@citi.com
Website: www.citi.com
Contact Person: Shailesh Shah

RBL Bank Limited
1st Floor, Viva Complex, Opp. Parimal Garden
Near JMC House, Ellisbridge
Ahmedabad 380 006

Tel: (91 79) 4014 6921 / (91 79) 4014 6954
Fax: (91 22) 4302 0520
E-mail: sachin.shah@rblbank.com / kunal.shah@rblbank.com
Website: www.rblbank.com
Contact Person: Sachin Shah / Kunal Shah

Yes Bank Limited
C.G. Road Branch, 102/103
C.G. Centre, CG Road
Ahmedabad 380 009

Tel: (91 79) 3045 9131
Fax: (91 79) 6631 8432
E-mail: manish.soni@yesbank.in
Website: www.yesbank.in
Contact Person: Manish Soni

Export Import Bank of India
Sakar II, 1st Floor, Next to Ellisbridge Shopping Centre
Ellisbridge PO
Ahmedabad 380 006

Tel: (91 79) 2657 6848
Fax: (91 79) 2657 7696
E-mail: Puneet.m@eximbankindia.in
Website: www.eximbankindia.in
Contact Person: Puneet Mathur

State Bank of India
SME Laghu Udyog Branch
Neptune Tower Annexe, Opp. Gandhi Gram Railway Station, off Ashram Road,
Ahmedabad 380 009

Tel: (91 79) 2658 4280 / (91 79) 2658 0522
Fax: -
E-mail: sbi.03993@sbi.co.in / kapil.kaushal@sbi.co.in
Website: www.sbi.co.in
Contact Person: Kapil Kaushal

ICICI Bank Limited
JMC House Branch, JMC House
Near Parimal Garden, Ellisbridge
Ahmedabad 380 006

Tel: (91 79) 6652 3834
Fax: (91 79) 6652 3735
E-mail: nayan.bhatia@icicibank.com
Website: www.icicibank.com
Contact Person: Nayan Bhatia

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 as updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, refer to the above-mentioned link.

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

Registered Brokers

The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=3 and http://www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm, respectively, as updated from time to time.

RTAs

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6 and http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

CDPs

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the websites of the BSE and the NSE at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6 and http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

Experts

Except as set forth, our Company has not obtained any expert opinions:

Our Company has received written consent from the Statutory Auditor to include its name in this Draft Red Herring Prospectus and as an "expert" as defined under section 2(38) of the Companies Act in respect of the reports of the Statutory Auditor on the Restated Standalone Financial Statements and Restated Consolidated Financial Statements, each dated August 10, 2018 and the statement of special tax benefits dated August 10, 2018 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.

Monitoring Agency

Our Company will appoint a monitoring agency prior to filing of the Red Herring Prospectus in accordance with Regulation 16 of the SEBI Regulations.

Appraising Entity

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

Inter-se allocation of responsibilities:

The following table sets forth the inter-se allocation of responsibilities for various activities among the Book Running Lead Managers:

Sr. No.	Activity	Responsibility	Co-ordination
1.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, and positioning strategy	Axis, Edelweiss	Axis
2.	Due diligence of our Company including its operations/management/business plans/legal etc., Drafting and design of Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus. Ensure compliance and completion of prescribed formalities with the Stock Exchanges, SEBI and RoC including finalisation of RHP, Prospectus, Offer Agreement, Syndicate and Underwriting Agreements and RoC filing	Axis, Edelweiss	Axis
3.	Drafting and approval of all statutory advertisements	Axis, Edelweiss	Axis
4.	Drafting and approval of all publicity material other than statutory advertisements as mentioned in point 3 above, including corporate advertising and brochures.	Axis, Edelweiss	Edelweiss
5.	Appointment of Registrar to the Offer, printers, advertising agency (including coordinating all agreements to be entered with the Registrar to the Offer and Advertising Agency) including filing of media compliance report with SEBI	Axis, Edelweiss	Edelweiss
6.	Appointment of Escrow Collection Banks, Share escrow agent and Monitoring Agency (including coordinating all agreements to be entered with such parties)	Axis, Edelweiss	Edelweiss
7.	Preparation of road show presentation and FAQs for the road show team	Axis, Edelweiss	Axis
8.	International institutional marketing of the Offer, which will cover, *inter alia*: • Institutional marketing strategy • Finalising the list and division of international investors for one-to-one meetings • Finalising international road show and investor meeting schedules	Axis, Edelweiss	Axis
9.	Domestic institutional marketing of the Offer, which will cover, *inter alia*: • Finalising the list and division of domestic investors for one-to-one meetings • Finalising domestic road show and investor meeting schedules	Axis, Edelweiss	Edelweiss
10.	Conduct non-institutional marketing of the Offer	Axis, Edelweiss	Axis

Sr. No.	Activity	Responsibility	Co-ordination
11.	Conduct retail marketing of the Offer, which will cover, *inter-alia*: • Finalising media, marketing, public relations strategy and publicity budget • Finalising collection centers • Finalising centers for holding conferences for brokers etc. • Follow-up on distribution of publicity and Offer material including form, RHP/Prospectus and deciding on the quantum of the Offer material	Axis, Edelweiss	Edelweiss
12.	Coordination with Stock Exchanges for book building software, bidding terminals and mock trading, deposit of 1% security deposit	Axis, Edelweiss	Axis
13.	Managing the book and finalization of pricing in consultation with our Company and Selling Shareholders	Axis, Edelweiss	Axis
14.	Post-Offer activities – managing Anchor book related activities and submission of letters to regulators post completion of anchor allocation, management of escrow accounts, finalisation of the basis of allotment based on technical rejections, post Offer stationery and preparation of CAN for Anchor Investors, essential follow-up steps including follow-up with bankers to the Offer and Self Certified Syndicate Banks and coordination with various agencies connected with the post-offer activity such as registrar to the offer, bankers to the offer, Self-Certified Syndicate Banks etc. listing of instruments, demat credit and refunds/ unblocking of funds, announcement of allocation and dispatch of refunds to Bidders, etc., payment of the applicable STT on behalf of Selling Shareholders and coordination with SEBI and Stock Exchanges for refund of 1% security deposit.	Axis, Edelweiss	Edelweiss

Book Building Process

The book building, in the context of the Offer, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band, which will be decided by our Company in consultation with the Selling Shareholders and the Book Running Lead Managers, and advertised in [●] edition of an English national newspaper [●], [●] edition of a Hindi national newspaper [●] and [●] edition of a Gujarati newspaper [●] (Gujarati being the regional language of Gujarat, where our Registered Office is located), each with wide circulation, 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 upload on their website. The Offer Price shall be determined by our Company in consultation with the Selling Shareholders and the Book Running Lead Managers after the Bid/Offer Closing Date.

All Bidders, except Anchor Investors, can participate in the Offer only through the ASBA process.

In accordance with the SEBI Regulations, QIBs Bidding in the QIB Portion and Non-Institutional Bidders Bidding in the Non-Institutional Category are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and Eligible Employees can revise their Bids during the Bid/Offer Period and withdraw their Bids until the Bid/Offer Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Offer Period. Allocation to the Anchor Investors will be on a discretionary basis.

Each Bidder by submitting a Bid in the Offer, will be deemed to have acknowledged the above restrictions and the terms of the Offer.

For further details, see "*Offer Structure*" and "*Offer Procedure*" beginning on pages 372 and 375, respectively.

Illustration of Book Building and Price Discovery Process

For an illustration of the Book Building Process and the price discovery process, see "*Offer Procedure – Part B – Basis of Allocation - Illustration of Book Building Process and Price Discovery Process*" beginning on page 385.

Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final approval of the Register of Companies after the Prospectus is filed with the Register of Companies; and (ii) final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment.

Underwriting Agreement

After the determination of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the Register of Companies, our Company and the Selling Shareholders intend to enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. The Underwriting Agreement is dated [●] Pursuant to the terms of the Underwriting Agreement, the obligations of each of the Underwriters will be several and will be subject to certain conditions specified therein.

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 Register of Companies.)

Name of the Underwriter	Address and Contact Details of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (₹ in million)
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]

The above-mentioned is indicative underwriting and will be finalised after pricing and actual allocation and subject to the provisions of the SEBI Regulations.

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

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment.

Notwithstanding the above, 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 purchases for or purchase of the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement. The Underwriting Agreement has not been executed as on the date of this Draft Red Herring Prospectus and our Company and the Selling Shareholders intend to enter into an Underwriting Agreement with the Underwriters after the determination of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the Register of Companies.

CAPITAL STRUCTURE

The Equity Share capital of our Company as at the date of this Draft Red Herring Prospectus is set forth:

		Aggregate value at face value of the Equity Shares	Aggregate value at Offer Price*
1	**AUTHORIZED SHARE CAPITAL**		
	35,000,000 Equity Shares of ₹10 each	₹350,000,000	[●]
2	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE OFFER**		
	24,082,800 Equity Shares of ₹10 each	₹240,828,000	[●]
3	**OFFER IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS**		
	Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 3,700 million(1)	[●]	[●]
	Offer for Sale of up to 1,325,000 Equity Shares aggregating up to ₹ [●] million(1)(2)	[●]	[●]
	Which includes		
	Employee Reservation Portion of up to [●] Equity Shares aggregating up to ₹ [●] million	[●]	[●]
4	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE OFFER**		
	[●] Equity Shares	[●]	[●]
5	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer	NIL	[●]
	After the Offer	[●]	[●]

** To be included upon finalisation of Offer Price*

(1) *The Offer comprises of the Fresh Issue and the Offer for Sale. The Offer has been authorised by our Board pursuant to its resolution on June 25, 2018 and the Fresh Issue has been authorised by our Shareholders pursuant to their special resolution June 27, 2018.*

(2) *The Selling Shareholders specifically confirm that the Offered Shares have been held for a period of at least one year prior to the date of filing of this Draft Red Herring Prospectus with SEBI, calculated in the manner as set out under Regulation 26(6) of the SEBI Regulations and accordingly, are eligible for being offered for sale in this Offer. For details on the authorisation of the Selling Shareholders in relation to the Offered Shares, see "Other Regulatory and Statutory Disclosures", on page 354.*

Changes in the Authorised Capital

1. The initial authorised Equity Share capital of our Company of ₹ 100,000 comprising 1,000 equity shares of face value ₹ 100 each was increased to ₹ 1,000,000 comprising 10,000 equity shares of face value ₹ 100 each pursuant to a resolution passed by our Shareholders in an EGM held by our Company, on April 20, 1987.

2. The authorised Equity Share capital of our Company of ₹ 1,000,000 comprising 10,000 equity shares of face value ₹ 100 each was increased to ₹ 2,000,000 comprising 20,000 equity shares of face value ₹ 100 each pursuant to a resolution of our Shareholders in an EGM held by our Company, on February 11, 1988.

3. The authorised Equity Share capital of our Company of ₹ 2,000,000 comprising 20,000 equity shares of face value ₹ 100 each was increased to ₹ 2,500,000 comprising 25,000 equity shares of face value ₹ 100 each pursuant to a special resolution passed by our Shareholders in the AGM held by our Company, on August 16, 1991.

4. The authorised Equity Share capital of our Company of ₹ 2,500,000 comprising 25,000 equity shares of face value ₹ 100 each was increased to ₹ 20,000,000 comprising 200,000 equity shares of face value ₹ 100 each pursuant to a special resolution passed by our Shareholders in EGM held by our Company, on September 5, 1994.

5. The authorised Equity Share capital of our Company of ₹ 20,000,000 comprising 200,000 equity shares of face value ₹ 100 each was increased to ₹ 50,000,000 comprising 500,000 equity shares of face value ₹ 100 each pursuant to a resolution passed by our Shareholders in the AGM held by our Company, on November 15, 1997.

6. The authorised Equity Share capital of our Company of ₹ 50,000,000 comprising 500,000 equity shares of face value ₹ 100 each was sub-divided into 5,000,000 equity shares of face value ₹ 10 each pursuant to a resolution of our Shareholders in the EGM held by our Company, on February 22, 2007.

7. The authorised Equity Share capital of our Company of ₹ 50,000,000 comprising 5,000,000 equity shares of face value ₹ 10 each was increased to ₹ 150,000,000 comprising 15,000,000 equity shares of face value ₹ 10 each pursuant to a resolution of our Shareholders in the EGM held by our Company, on February 22, 2007.

8. The authorised Equity Share capital of our Company of ₹ 150,000,000 comprising 15,000,000 equity shares of face value ₹ 10 each was increased to ₹ 350,000,000 comprising 35,000,000 equity shares of face value ₹ 10 each pursuant to a resolution of our Shareholders in the AGM held by our Company, on June 27, 2018.

Notes to the Capital Structure

1. **Share Capital History and Securities Premium of our Company**

(a) The following is the history of the Equity Share capital of our Company:

Date of allotment of the Equity Shares	Number of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Nature of consideration (cash, other than cash etc.)	Reasons for allotment	Cumulative No. of Equity Shares	Cumulative paid-up Equity Share Capital (₹)
March 4, 1986	10	100	100	Cash	Subscription to the Memorandum of Association[1]	10	1,000
April 24, 1986	150	100	100	Cash	Preferential issue[2]	160	16,000
April 30, 1987	1,950	100	100	Cash	Preferential issue[3]	2,110	211,000
May 6, 1987	1,450	100	100	Cash	Preferential issue[4]	3,560	356,000
May 7, 1987	4,440	100	100	Cash	Preferential issue[5]	8,000	800,000
November 2, 1987	6	100	100	Cash	Preferential issue[6]	8,006	800,006
February 15, 1988	6,496	100	100	Cash	Preferential issue[7]	14,502	1,450,200
October 3, 1990	1,498	100	100	Cash	Preferential issue[8]	16,000	1,600,000
October 16, 1991	8,000	100	-	-	Bonus issue[9]	24,000	2,400,000
September 5, 1994	96,000	100	-	-	Bonus issue[10]	120,000	12,000,000
December 8, 1995	24,000	100	-	-	Bonus issue[11]	144,000	14,400,000
December 11, 1995	26,000	100	-	-	Preferential issue[12]	170,000	17,000,000
December 15, 1997	124,800	100	100	Other than cash	Pursuant to a scheme of arrangement[13]	294,800	29,480,000
March 31, 1998	100,000	100	100	Cash	Preferential issue[14]	394,800	39,480,000
December 1, 1999	12	100	100	Cash	Preferential issue[15]	394,812	39,481,200
March 29, 2001	3	100	100	Cash	Preferential issue[16]	394,815	39,481,500
February 20, 2007	31,185	100	100	Cash	Preferential issue[17]	400,000*	40,000,000*
February 22, 2007	Pursuant to a resolution passed by our Shareholders on February 22, 2007, our Company sub-divided its equity shares from ₹ 100 each to ₹ 10 each with effect from February 22, 2007. Therefore, the cumulative number of issued, subscribed and paid-up equity shares pursuant to the sub-division is 4,000,000 Equity Shares of face value of ₹ 10 each.						
March 1, 2007	8,000,000	10	-	-	Bonus issue[18]	12,000,000	120,000,000
December 15, 2008	36,000	10	10	Cash	Preferential issue[19]	12,036,000	120,036,000
February 28, 2009	5,400	10	10	Cash	Preferential issue[20]	12,041,400	120,041,400
June 27, 2018	12,041,400	10	-	-	Bonus issue[21]	24,082,800	240,082,800

**After cancellation of 26,000 equity shares of the Company which were allotted to Rollers and Retainers Private Limited on December 11, 1995.*

[1] *Subscription of 10 Equity Shares to Rajendra Shantilal Shah and Harish Ranjit Rangwala.*

[2] *Issuance of 150 equity shares to Zaverben Ranjeet Rangwala, Charusheela Harish Rangwala and Nirmala Rajendra Shah.*

[3] *Issuance of 1,950 equity shares to Charusheela Harish Rangwala.*

[4] *Issuance of 1,450 equity shares to Zaverben Ranjeet Rangwala.*

[5] *Issuance of 4,440 equity shares to Rajendra Shantilal Shah, Harish Ranjit Rangwala, Nirmala Rajendra Shah, Rajendra Shantilal Shah (HUF) and Harish Rangwala (HUF).*

[6] *Issuance of 6 equity shares to Munjal Rangwala, Vishal Rangwala, Pilak Rajendra Shah, Mili Yashpal Mehta, Hetal Brijesh Ukani and Krina Rajendra Shah.*

[7] *Issuance of 6,496 equity shares to Rajendra Shantilal Shah, Harish Ranjit Rangwala, Munjal Rangwala, Vishal Rangwala, Pilak Rajendra Shah, Zaverben Ranjeet Rangwala, Nirmala Rajendra Shah and Krina Rajendra Shah.*

[8] *Issuance of 1,498 equity shares to Munjal Rangwala, Vishal Rangwala, Mili Yashpal Mehta, Hetal Brijesh Ukani and Dhirajlal Chunilal Bhatt.*

[9] *Bonus issue of 8,000 equity shares to Rajendra Shantilal Shah, Harish Ranjit Rangwala, Zaverben Ranjeet Rangwala, Charusheela Harish Rangwala, Nirmala Rajendra Shah, Rajendra Shantilal Shah (HUF), Harish Rangwala (HUF), Munjal Rangwala, Vishal Rangwala, Mili Yashpal Mehta, Hetal Brijesh Ukani, Krina Rajendra Shah, Pilak Rajendra Shah and Dhirajlal Chunilal Bhatt in the ratio of one equity share to existing two equity shares each.*

[10] *Bonus issue of 96,000 equity shares to Rajendra Shantilal Shah, Harish Ranjit Rangwala, Zaverben Ranjeet Rangwala, Charusheela Harish Rangwala, Nirmala Rajendra Shah, Rajendra Shantilal Shah (HUF), Harish Rangwala (HUF), Munjal Rangwala, Vishal Rangwala, Mili Yashpal Mehta, Hetal Brijesh Ukani, Krina Rajendra Shah, Pilak Rajendra Shah and Dhirajlal Chunilal Bhatt in the ratio of four equity shares to existing two equity shares each.*

[11] *Bonus issue of 24,000 equity shares to Rajendra Shantilal Shah, Harish Ranjit Rangwala, Zaverben Ranjeet Rangwala, Charusheela Harish Rangwala, Nirmala Rajendra Shah, Rajendra Shantilal Shah (HUF), Harish Rangwala (HUF), Munjal Rangwala, Vishal Rangwala, Mili Yashpal Mehta, Hetal Brijesh Ukani, Krina Rajendra Shah, Pilak Rajendra Shah and Dhirajlal Chunilal Bhatt in the ratio of one equity share to existing five equity shares each.*

[12] *Issuance of 26,000 equity shares to Rollers and Retainers Private Limited.*

[13] *Pursuant to a scheme of amalgamation between Rollers and Retainers Private Limited and Harsha Components Private Limited, sanctioned by the High Court of Gujarat by way of its order dated October 21, 1997 ("**Scheme**"), 124,800 equity shares were issued and allotted to Rajendra Shantilal Shah, Harish Ranjit Rangwala, Nirmala Rajendra Shah, Pilak Rajendra Shah, Mili Yashpal Mehta, Hetal Brijesh Ukani, Krina Rajendra Shah, Charusheela Harish Rangwala, Harish Rangwala (HUF), Vishal Rangwala, Munjal Rangwala, Zaverben Ranjeet Rangwala and Fuljibhai Gondalia. Pursuant to such Scheme, 26,000 equity shares of the Company which were allotted to Rollers and Retainers Private Limited on December 11, 1995 were cancelled.*

[14] *Issuance of 100,000 equity shares to Rajendra Shantilal Shah and Harish Ranjit Rangwala.*

[15] *Issuance of 12 equity shares to Sharadha Sanghvi, Zarana Sanghvi, Monali Sanghvi, Nirali Sanghvi, Kanchanben Sanghvi, Dilip Jayantilal Sanghvi, Lataben Sanghvi, Kirit Sanghvi, Ami Sanghvi, Kirit J Sanghvi (HUF), Dilip Jayantilal Sanghvi (HUF) and Dinaben Sanghvi.*

[16] *Issuance of three equity shares to Jyotsnaben Shah, Narshinhram Anandji Pandhi and Manibhai Narainhram Pandhi.*

[17] *Issuance of 31,185 equity shares to Rajendra Shantilal Shah, Harish Ranjit Rangwala, Krina Rajendra Shah, Charusheela Harish Rangwala, Munjal Rangwala, Mili Yashpal Mehta, Tanvi Vishal Rangwala, Vaishali Shah and Hetal Brijesh Ukani jointly with Nirmala Rajendra Shah.*

[18] *Bonus issue of 8,000,000 equity shares to Rajendra Shantilal Shah, Harish Ranjit Rangwala, Nirmala Rajendra Shah, Charusheela Harish Rangwala, Munjal Rangwala, Vishal Rangwala, Mili Yashpal Mehta, Krina Rajendra Shah, Pilak Rajendra Shah, Vaishali Shah and Hetal Brijesh Ukani jointly with Nirmala Rajendra Shah in the ratio of two equity shares to existing one equity share each.*

[19] *Issuance of 36,000 equity shares to Dhirajlal Chunilal Bhatt.*

[20] *Issuance of 5,400 equity shares to Fuljibhai M Gondaliya.*

[21] *Bonus issue of 12,041,400 equity shares to Rajendra Shantilal Shah, Harish Ranjit Rangwala, Munjal Rangwala, Vishal Rangwala, Nirmala Rajendra Shah, Charusheela Harish Rangwala, Mili Yashpal Mehta, Krina Rajendra Shah, Pilak Rajendra Shah, Tanvi Vishal Rangwala, Jyotsnaben Shah, Vaishali Shah, Bhanumatiben Shah, Hetal Brijesh Ukani jointly with Nirmala Rajendra Shah, Dhirajlal Chunilal Bhatt jointly with Harihar Bhatt and Nayana Bhatt, Dilip Jayantilal Sanghvi jointly with Dinaben Sanghvi, Dinaben Sanghvi jointly with Dilip Jayantilal Sanghvi, and Lataben Sanghvi jointly with Dilip Jayantilal Sanghvi in the ratio of one equity share to existing one equity share each.*

2. **Issue of Equity Shares for consideration other than cash or out of revaluation reserves**

Except as set forth, our Company has not issued Equity Shares for consideration other than cash or out of revaluation reserves on the date of this Draft Red Herring Prospectus.

Date of allotment	Name of the allottees	Number of Equity Shares allotted	Face value (₹)	Issue price per Equity Share (₹)	Reason for allotment	Benefits accrued to our Company
October 16, 1991	Rajendra Shantilal Shah	250	100	-	Bonus issue of 8,000 equity shares in the ratio of one equity shares for every two equity shares held on the record date i.e. October 16, 1991	No benefits accrued to our Company
	Harish Ranjit Rangwala	250				
	Charusheela Harish Rangwala	1,000				
	Nirmala Rajendra Shah	1,900				
	Zaverben Ranjeet Rangwala	1,650				

Date of allotment	Name of the allottees	Number of Equity Shares allotted	Face value (₹)	Issue price per Equity Share (₹)	Reason for allotment	Benefits accrued to our Company
	Harish Rangwala (HUF)	225				
	Rajendra Shantilal Shah (HUF)	225				
	Munjal Rangwala	387				
	Vishal Rangwala	388				
	Pilak Rajendra Shah	500				
	Mili Yashpal Mehta	138				
	Hetal Brijesh Ukani	137				
	Krina Rajendra Shah	750				
	Dhirajlal Chunilal Bhatt	200				
September 5, 1994	Rajendra Shantilal Shah	3,000	100	-	Bonus issue of 96,000 equity shares in the ratio of four equity shares for every one equity share held on the record date i.e. September 5, 1994	No benefit accrued to our Company. The bonus shares were issued out of the asset revaluation reserve of our Company. Wherein, such revaluation of our fixed assets were revalued on April 1, 1994 and necessary adjustments were made in the financial statement of our Company as of Fiscal 1995.
	Harish Ranjit Rangwala	3,000				
	Charusheela Harish Rangwala	12,000				
	Nirmala Rajendra Shah	22,800				
	Zaverben Ranjeet Rangwala	19,800				
	Harish Rangwala (HUF)	2,700				
	Rajendra Shantilal Shah (HUF)	2,700				
	Munjal Rangwala	4,644				
	Vishal Rangwala	4,656				
	Pilak Rajendra Shah	6,000				
	Mili Yashpal Mehta	1,656				
	Hetal Brijesh Ukani	1,644				
	Krina Rajendra Shah	9,000				
	Dhirajlal Chunilal Bhatt	2,400				
December 8, 1995	Rajendra Shantilal Shah	750	100	-	Bonus issue of 24,000 equity shares in the ratio of one equity share for every five equity shares held on the record date i.e. December 8, 1995	No benefits accrued to our Company
	Harish Ranjit Rangwala	750				
	Charusheela Harish Rangwala	3,000				
	Nirmala Rajendra Shah	5,700				
	Zaverben Ranjeet Rangwala	4,950				
	Harish Rangwala (HUF)	675				
	Rajendra Shantilal Shah (HUF)	675				
	Munjal Rangwala	1,161				
	Vishal Rangwala	1,164				
	Pilak Rajendra Shah	1,500				
	Mili Yashpal Mehta	414				
	Hetal Brijesh Ukani	411				
	Krina Rajendra Shah	2,250				
	Dhirajlal Chunilal Bhatt	600				
December 15, 1997	Rajendra Shantilal Shah	3,060	100	-	Pursuant to a scheme of amalgamation between Rollers and Retainers Private Limited and Harsha Component Private Limited, sanctioned by the High Court of Gujarat by an order dated	Economies of scale of operation which promotes efficiency in the operation
	Nirmala Rajendra Shah	7,750				
	Rajendra Shantilal Shah (HUF)	10,400				
	Pilak Rajendra Shah	13,350				
	Mili Yashpal Mehta	7,300				
	Hetal Brijesh Ukani	13,585				

Date of allotment	Name of the allottees	Number of Equity Shares allotted	Face value (₹)	Issue price per Equity Share (₹)	Reason for allotment	Benefits accrued to our Company
	Krina Rajendra Shah	6,685			October 21, 1997, by way of which two equity shares of Harsha Component Private Limited were issued in *lieu* of one equity shares of Rollers and Retainers Private Limited.	of our Company and accelerate the long term growth of our Company. The allotment further enabled optimum utilization of various infrastructure and production facilities of our Company
	Charusheela Harish Rangwala	290				
	Harish Rangwala (HUF)	10,125				
	Vishal Rangwala	18,620				
	Munjal Rangwala	18,465				
	Zaverben Ranjeet Rangwala	14,630				
	Fuljibhai M Gondaliya	540				
March 1, 2007	Rajendra Shantilal Shah	1,200,000	10	-	Bonus issue of 8,000,000 equity shares in the ratio of two equity shares for every one equity share held on the record date i.e. March 1, 2007.	No accrued benefits to our Company
	Harish Ranjit Rangwala	1,200,000				
	Charusheela Harish Rangwala	1,200,000				
	Nirmala Rajendra Shah	1,200,000				
	Munjal Rangwala	800,000				
	Vishal Rangwala	560,000				
	Pilak Rajendra Shah	800,000				
	Krina Rajendra Shah	200,000				
	Hetal Brijesh Ukani	200,000				
	Mili Yashpal Mehta	200,000				
	Vaishali Shah	200,000				
	Tanvi Vishal Rangwala	240,000				
June 27, 2018	Rajendra Shantilal Shah	1,802,698	10	-	Bonus issue of 12,041,400 equity shares in the ratio of one equity shares for every one equity share held on the record date i.e. June 25, 2018.	No accrued benefits to our Company
	Harish Ranjit Rangwala	1,801,348				
	Vishal Rangwala	960,000				
	Pilak Rajendra Shah	1,200,000				
	Munjal Rangwala	1,200,000				
	Hetal Brijesh Ukani jointly Nirmala Rajendra Shah	300,000				
	Krina Rajendra Shah	300,000				
	Vaishali Shah	300,000				
	Mili Yashpal Mehta	300,000				
	Dhirajlal Chunilal Bhatt jointly with Harihar Bhatt and Nayana Bhatt	36,000				
	Jyotsnaben Shah	1				
	Bhanumatiben Shah	1				
	Tanvi Vishal Rangwala	240,001				
	Dilip Jayantilal Sanghvi jointly with Dinaben Sanghvi	1				
	Dinaben Sanghvi jointly with Dilip Jayantilal Sanghvi	1				
	Lataben Sanghvi jointly with Dilip Jayantilal Sanghvi	1				
	Nirmala Rajendra Shah	1,800,000				
	Charusheela Harish Rangwala	1,801,348				

3. **Issue of Equity Shares in the last one year below the Offer Price**

Apart from the bonus shares of 12,041,400 Equity Shares to 18 allottees on June 27, 2018, our Company has not issued any Equity Shares at a price that may be lower than the Offer Price during the last one year.

4. **Issue of Equity Shares in the Last Two Years**

Apart from the bonus shares of 12,041,400 Equity Shares to 18 allottees on June 27, 2018, our Company has not issued any Equity Shares in the two immediately preceding years.

5. **History of the Equity Share Capital held by our Promoters**

As on the date of this Draft Red Herring Prospectus, our Promoters hold 13,928,092 Equity Shares, constituting 57.83% of the issued, subscribed and paid-up Equity Share capital of our Company. The details regarding our Promoters' shareholding is set forth.

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

Set forth is the build-up of the shareholding of our Promoters since incorporation of our Company:

Date of Allotment / Transfer	Nature of transaction	No. of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post- Offer capital (%)*
			Rajendra Shantilal Shah				
March 4, 1986	Subscription to the Memorandum of Association	5	Cash	100	100	[●]	[●]
May 7, 1987	Preferential issue	45	Cash	100	100	[●]	[●]
February 15, 1988	Preferential issue	450	Cash	100	100	[●]	[●]
October 16, 1991	Bonus issue in the ratio of one equity shares for every two equity shares	250	Bonus	100	-	[●]	[●]
September 5, 1994	Bonus issue in the ratio of four equity shares for every one equity share	3,000	Bonus	100	-	[●]	[●]
December 8, 1995	Bonus issue in the ratio of one equity share for every five equity shares	750	Bonus	100	-	[●]	[●]
December 15, 1997	On account of amalgamation of Rollers and Retainers Private Limited and Harsha Component Private Limited with our Company	3,060	Other than cash	100	-	[●]	[●]
March 31, 1998	Preferential issue	50,000	Cash	100	100	[●]	[●]
November 26, 2001	Transfer of eight equity shares from Shraddha Sanghvi, Zarana Sanghvi, Monali Sanghvi, Niral Sanghvi, Kanchanben Sanghvi, Dilip Jayantilal Sanghvi, Kirit Sanghvi and Lataben Sanghvi.	8	Cash	100	100	[●]	[●]
February 20, 2007	Preferential issue	2,432	Cash	100	100	[●]	[●]
February 22, 2007	Pursuant to a resolution passed by our Shareholders on February 22, 2007, our Company sub-divided its equity shares from ₹ 100 each to ₹ 10 each with effect from February 22, 2007. Therefore, the cumulative number of Equity Shares held by Rajendra Shantilal Shah, pursuant to the sub-division is 600,000						
March 1, 2007	Bonus issue in the ratio of two equity shares for every one equity share	1,200,000	Bonus	10	-	[●]	[●]
June 21, 2010	Transfer from Prabhaben Fuljibhai Gondalia to Rajendra Shantilal Shah	2,700	Cash	10	92.60	[●]	[●]
September 1, 2014	Transfer from Rajendra Shantilal Shah to Rajendra Shantilal Shah (HUF)	(8)	Cash	10	160.62	[●]	[●]
September 1, 2014	Transfer from Rajendra Shantilal Shah to Jyotsnaben Shah	(1)	Cash	10	161	[●]	[●]

Date of Allotment / Transfer	Nature of transaction	No. of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post- Offer capital (%)*
September 1, 2014	Transfer from Rajendra Shantilal Shah to Bhanumatiben Shah	(1)	Cash	10	161	[●]	[●]
May 3, 2018	Transfer from Rajendra Shantilal Shah (HUF) to Rajendra Shantilal Shah	8	Cash	10	1,656	[●]	[●]
June 27, 2018	Bonus issue equity shares in the ratio of one equity shares for every one equity share	1,802,698	Bonus	10	-	[●]	[●]
Total (A)		3,605,396				[●]	[●]
Harish Ranjit Rangwala							
March 4, 1986	Subscription to the Memorandum of Association	5	Cash	100	100	[●]	[●]
May 7, 1987	Preferential issue	45	Cash	100	100	[●]	[●]
February 15, 1988	Preferential issue	450	Cash	100	100	[●]	[●]
October 16, 1991	Bonus issue in the ratio of one equity shares for every two equity shares	250	Bonus	100	-	[●]	[●]
September 5, 1994	Bonus issue in the ratio of four equity shares for every one equity share	3,000	Bonus	100	-	[●]	[●]
December 8, 1995	Bonus issue in the ratio of one equity share for every five equity shares	750	Bonus	100	-	[●]	[●]
March 31, 1998	Preferential issue	50,000	Cash	100	100	[●]	[●]
November 26, 2001	Transfer of seven equity shares from Ami Sanghvi, Kirit Sanghvi, Dilip Jayantilal Sanghvi (HUF), Dinaben Sanghvi, Jyotsanaben Shah, Narshinhram Anandji Pandhi and Manibai Pandhi	7	Cash	100	100	[●]	[●]
February 20, 2007	Preferential issue	5,493	Cash	100	100	[●]	[●]
February 22, 2007	Pursuant to a resolution passed by our Shareholders on February 22, 2007, our Company sub-divided its equity shares from ₹ 100 each to ₹ 10 each with effect from February 22, 2007. Therefore, the cumulative number of Harish Ranjit Rangwala, pursuant to the sub-division is 600,000						
March 1, 2007	Bonus issue in the ratio of two equity shares for every one equity share	1,200,000	Bonus	10	-	[●]	[●]
June 21, 2010[1]	Transfer from Prabhaben Fuljibhai Gondalia to Harish Ranjit Rangwala and Charusheela Harish Rangwala	2,700[1]	Cash	10	92.60	[●]	[●]
July 16, 2012	Transfer from Tanvi Vishal Rangwala to Harish Ranjit Rangwala	360,000	Cash	10	10	[●]	[●]
July 16, 2012	Transfer from Vishal Rangwala to Harish Ranjit Rangwala	840,000	Cash	10	10	[●]	[●]
September 1, 2014 [2]	Transfer from Harish Ranjit Rangwala and Charusheela Harish Rangwala to Zaverben Ranjeet Rangwala	(1) [2]	Cash	10	161	[●]	[●]
September 1, 2014[2]	Transfer from Harish Ranjit Rangwala and Charusheela Harish Rangwala to Harish Rangwala (HUF)	(1) [2]	Cash	10	161	[●]	[●]
September 1, 2014[2]	Transfer from Harish Ranjit Rangwala and Charusheela Harish Rangwala to Tanvi Vishal Rangwala	(1) [2]	Cash	10	161	[●]	[●]
September 1, 2014[2]	Transfer from Harish Ranjit Rangwala and Charusheela Harish Rangwala to Dilip Jayantilal Sanghvi	(1) [2]	Cash	10	161	[●]	[●]
September 1, 2014[3]	Transfer from Harish Ranjit Rangwala and Charusheela Harish Rangwala to	(1,348)[3]	Gift	10	N.A.	[●]	[●]

Date of Allotment / Transfer	Nature of transaction	No. of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post- Offer capital (%)*
	Charusheela Harish Rangwala by way of a gift						
September 1, 2014[3]	Transfer from Harish Ranjit Rangwala and Charusheela Harish Rangwala to Harish Ranjit Rangwala by way of a gift	(1,348)[3]	Gift	10	N.A.	[●]	[●]
September 1, 2014[3]	Transfer from Harish Ranjit Rangwala and Charusheela Harish Rangwala to Harish Rangwala by way of a gift.	1,348[3]	Gift	10	N.A.	[●]	[●]
October 1, 2014	Transfer from Harish Ranjit Rangwala to Lataben Sanghvi	(1)	Cash	10	161	[●]	[●]
October 1, 2014	Transfer from Harish Ranjit Rangwala to Dinaben Sanghvi	(1)	Cash	10	161	[●]	[●]
October 29, 2016	Transfer from Harish Ranjit Rangwala to Vishal Rangwala by way of a gift.	(1,200,000)	Gift	10	N.A.	[●]	[●]
May 3, 2018	Transfer from Zaverben Ranjeet Rangwala to Harish Ranjit Rangwala	1	Cash	10	207	[●]	[●]
May 3, 2018	Transfer from Harish Rangwala (HUF) to Harish Ranjit Rangwala	1	Cash	10	207	[●]	[●]
June 27, 2018	Bonus issue equity shares in the ratio of one equity shares for every one equity share	1,801,348	Bonus	10	-	[●]	[●]
Total (B)		3,602,696				[●]	[●]
Vishal Rangwala							
November 2, 1987	Preferential issue	1	Cash	100	100	[●]	[●]
February 15, 1988	Preferential issue	499	Cash	100	100	[●]	[●]
October 3, 1990	Preferential issue	276	Cash	100	100	[●]	[●]
October 16, 1991	Bonus issue in the ratio of one equity shares for every two equity shares	388	Bonus	100	-	[●]	[●]
September 5, 1994	Bonus issue in the ratio of four equity shares for every one equity share	4,656	Bonus	100	-	[●]	[●]
December 8, 1995	Bonus issue in the ratio of one equity share for every five equity shares	1,164	Bonus	100	-	[●]	[●]
December 15, 1997	On account of scheme of amalgamation between Rollers and Retainers Private Limited and Harsha Components Private Limited	18,620	Other than cash	100	N.A.	[●]	[●]
November 26, 2001	Transfer from Harish Rangwala (HUF) to Vishal Rangwala	11,175	Cash	100	100	[●]	[●]
February 22, 2007	Pursuant to a resolution passed by our Shareholders on February 22, 2007, our Company sub-divided its equity shares from ₹ 100 each to ₹ 10 each with effect from February 22, 2007. Therefore, the cumulative number of Equity Shares of Vishal Rangwala, pursuant to sub-division is 367,790						
February 28, 2007	Transfer from Vishal Rangwala to Tanvi Vishal Rangwala	(87,790)	Cash	10	10	[●]	[●]
March 1, 2007	Bonus issue in the ratio of two equity shares for every one equity share	560,000	Bonus	10	-	[●]	[●]
July 16, 2012	Transfer from Vishal Rangwala to Harish Ranjit Rangwala	(840,000)	Cash	10	10	[●]	[●]
October 29, 2016	Transfer from Harish Ranjit Rangwala to Vishal Rangwala by way of a gift.	1,200,000	Gift	10	N.A.	[●]	[●]
May 3, 2018	Transfer from Vishal Rangwala to Tanvi Vishal Rangwala	(240,000)	Gift	10	N.A.	[●]	[●]
June 27, 2018	Bonus issue equity shares in the ratio of one equity shares for every one equity share	960,000	Bonus	10	-	[●]	[●]
Total (C)		1,920,000				[●]	[●]

Date of Allotment / Transfer	Nature of transaction	No. of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre- Offer capital (%)	Percentage of the post- Offer capital (%)*
Pilak Rajendra Shah							
November 2, 1987	Preferential issue	1	Cash	100	100	[●]	[●]
February 15, 1988	Preferential issue	999	Cash	100	100	[●]	[●]
October 16, 1991	Bonus issue in the ratio of one equity shares for every two equity shares	500	Bonus	100	-	[●]	[●]
September 5, 1994	Bonus issue in the ratio of four equity shares for every one equity share	6,000	Bonus	100	-	[●]	[●]
December 8, 1995	Bonus issue in the ratio of one equity share for every five equity shares	1,500	Bonus	100	-	[●]	[●]
December 15, 1997	On account of scheme of amalgamation between Rollers and Retainers Private Limited and Harsha Components Private Limited	13,350	Other than cash	100	N.A.	[●]	[●]
November 26, 2001	Transfer from Mili Yashpal Mehta to Pilak Rajendra Shah	600	Cash	100	100	[●]	[●]
November 26, 2001	Transfer from Hetal Brijesh Ukani to Pilak Rajendra Shah	6,885	Cash	100	100	[●]	[●]
November 26, 2001	Transfer from Krina Rajendra Shah to Pilak Rajendra Shah	10,985	Cash	100	100	[●]	[●]
February 22, 2007	Pursuant to a resolution passed by our Shareholders on February 22, 2007, our Company sub-divided its equity shares from ₹ 100 each to ₹ 10 each with effect from February 22, 2007. Therefore, the cumulative number of Pilak Rajendra Shah, pursuant to the sub-division is 408,200						
February 28, 2007	Transfer from Pilak Rajendra Shah to Vaishali Shah	(8,200)	Cash	10	10	[●]	[●]
March 1, 2007	Bonus issue in the ratio of two equity shares for every one equity share	800,000	Bonus	10	-	[●]	[●]
June 27, 2018	Bonus issue equity shares in the ratio of one equity shares for every one equity share	1,200,000	Bonus	10	-	[●]	[●]
Total (D)		2,400,000				[●]	[●]
Munjal Rangwala							
November 2, 1987	Preferential issue	1	Cash	100	100	[●]	[●]
February 15, 1988	Preferential issue	499	Cash	100	100	[●]	[●]
October 3, 1990	Preferential issue	274	Cash	100	100	[●]	[●]
October 16, 1991	Bonus issue in the ratio of one equity shares for every two equity shares	387	Bonus	100	-	[●]	[●]
September 5, 1994	Bonus issue in the ratio of four equity shares for every one equity share	4,644	Bonus	100	-	[●]	[●]
December 8, 1995	Bonus issue in the ratio of one equity share for every five equity shares	1,161	Bonus	100	-	[●]	[●]
December 15, 1997	On account of scheme of amalgamation between Rollers and Retainers Private Limited and Harsha Components Private Limited	18,465	Other than cash	100	N.A.	[●]	[●]
November 26, 2001	Transfer from Zaverben to Munjal Rangwala	7,330	Cash	100	100	[●]	[●]
November 26, 2001	Transfer from Harish Rangwala (HUF) to Munjal Rangwala	3,000	Cash	100	100	[●]	[●]
February 20, 2007	Preferential issue	4,239	Cash	100	100	[●]	[●]
February 22, 2007	Pursuant to a resolution passed by our Shareholders on February 22, 2007, our Company sub-divided its equity shares from ₹ 100 each to ₹ 10 each with effect from February 22, 2007. Therefore, the cumulative number of Munjal Rangwala, pursuant to the sub-division is 400,000						

Date of Allotment / Transfer	Nature of transaction	No. of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post- Offer capital (%)*
March 1, 2007	Bonus issue in the ratio of two equity shares for every one equity share	800,000	Bonus	10	-	[●]	[●]
July 16, 2012	Transfer from Munjal Rangwala to Charusheela Harish Rangwala	(1,200,000)	Cash	10	10	[●]	[●]
October 29, 2016	Transfer from Charusheela Harish Rangwala to Munjal Rangwala by way of a gift.	1,200,000	Gift	10	N.A.	[●]	[●]
June 27, 2018	Bonus issue equity shares in the ratio of one equity shares for every one equity share	1,200,000	Bonus	10	-	[●]	[●]
Total (E)		2,400,000				[●]	[●]
Total (A+B+C+D+E)		**13,928,092**					

[1] *Pursuant to this transfer, 2,700 Equity Shares to Harish Ranjit Rangwala and Charusheela Harish Rangwala were jointly held by them.*

[2] *4 Equity Shares which were jointly held by Harish Ranjit Rangwala and Charusheela Harish Rangwala were transferred individually as 1 Equity Share, each to Zaverben Ranjeet Rangwala, Dilip Jayantilal Sanghvi, Tanvi Vishal Rangwala, and Harish Rangwala (HUF).*

[3] *2,696 Equity Shares which were jointly held by Harish Ranjit Rangwala and Charusheela Harish Rangwala were transferred individually as 1,348 Equity Shares to Charusheela Harish Rangwala and 1,348 Equity Shares to Harish Ranjit Rangwala.*

All the Equity Shares held by our Promoters were fully paid-up on the respective dates of acquisition of such Equity Shares. Other than as disclosed in this Draft Red Herring Prospectus, our Promoters have not undertaken any sale of Equity Shares of our Company since incorporation.

(b) *Shareholding of our Promoters and Promoter Group in our Company*

Sr. No.	Name of the Shareholder	Pre-Offer		Post-Offer	
		No. of Equity Shares	% of total Share-holding	No. of Equity Shares	% of total Share-holding
Promoters					
1.	Harish Ranjit Rangwala	3,602,696	14.96	[●]	[●]
2.	Rajendra Shantilal Shah	3,605,396	14.97	[●]	[●]
3.	Vishal Rangwala	1,920,000	7.97	[●]	[●]
4.	Pilak Rajendra Shah	2,400,000	9.97	[●]	[●]
5.	Munjal Rangwala	2,400,000	9.97	[●]	[●]
Sub-Total (A)		**13,928,092**	**57.83**	**[●]**	**[●]**
Promoter Group					
1.	Hetal Brijesh Ukani jointly with Nirmala Rajendra Shah	600,000	2.49	[●]	[●]
2.	Charusheela Harish Rangwala	3,602,696	14.96	[●]	[●]
3.	Nirmala Rajendra Shah	3,600,000	14.95	[●]	[●]
4.	Krina Rajendra Shah	600,000	2.49	[●]	[●]
5.	Vaishali Shah	600,000	2.49	[●]	[●]
6.	Mili Yashpal Mehta	600,000	2.49	[●]	[●]
7.	Tanvi Vishal Rangwala	480,002	1.99	[●]	[●]
8.	Jyotsnaben Shah	2	Negligible		
Sub-Total (B)		**10,082,700**	**41.87**	**[●]**	**[●]**
Total (A+B)		**24,010,792**	**99.70**	**[●]**	**[●]**

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

(i) Pursuant to Regulations 32 and 36 of the SEBI Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by our Promoters shall be locked-in for a period of three years as minimum promoters' contribution from the date of Allotment, and the Promoter's shareholding in excess of 20% of the fully diluted post-Offer Equity Share capital shall be locked in for a period of one year from the date of Allotment.

(ii) The details of the Equity Shares held by our Promoters, which shall be locked-in for a period of three years as minimum Promoter's contribution from the date of Allotment are set out in the following table:

Name	Date of allotment / transfer	Nature of Transaction	No. of Equity Shares	Face Value (₹)	Issue / acquisition price per Equity Share (₹)	No. of Equity Shares locked-in[(1)]	Percentage of post-Offer paid-up Equity Share capital (%)
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total			[●]				[●]

[(1)] For a period of three years from the date of allotment and all such Equity Shares have been fully paid-up.

(iii) The minimum Promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as 'Promoter' under the SEBI Regulations. Our Company undertakes that the Equity Shares that are being locked-in are not ineligible for computation of Promoters' contribution in terms of Regulation 33 of the SEBI Regulations. In this connection, we confirm the following:

(a) The Equity Shares offered for Promoters' contribution have not been acquired in the last three years (a) for consideration other than cash and revaluation of assets or capitalisation of intangible assets; or (b) have resulted from bonus issue by utilisation of revaluation reserves or unrealised profits of our Company or resulted from bonus issue against Equity Shares which are otherwise ineligible for computation of Promoters' contribution;

(b) The Promoters' contribution does not include any Equity Shares acquired during the preceding one year and at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;

(c) Our Company has not been formed by the conversion of a partnership firm into a Company;

(d) The Equity Shares held by our Promoters and offered for Promoters' contribution are not subject to any pledge; and

(e) All the Equity Shares of our Company held by our Promoters are held in dematerialised form.

Other requirements in respect of lock-in:

(i) In addition to 20% of the fully diluted post-Offer shareholding of our Company held by our Promoters and locked in for three years as specified above, the entire pre-Offer Equity Share capital of our Company, (other than the Equity Shares with respect to the Offer for Sale) and any unsubscribed portion of the Offer for Sale by the Selling Shareholder(s) will be locked-in for a period of one year from the date of Allotment.

(ii) The Equity Shares held by our Promoters, which are locked-in may be transferred to and among the members of our Promoter Group or to any new promoter 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, as applicable.

(iii) Pursuant to Regulation 39(a) of the SEBI Regulations, the Equity Shares held by our Promoters, which are locked-in for a period of three years from the date of Allotment 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 loans have been granted by such bank or institution for the purpose of financing one or more of the objects of the Offer and pledge of the Equity Shares is a term of sanction of such loans.

(iv) Pursuant to Regulation 39(b) of the SEBI Regulations, the Equity Shares held by our Promoters which are locked-in for a period of one year from the date of Allotment 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 such loans.

(v) The Equity Shares held by any person other than our Promoters and locked-in for a period of one year from the date of Allotment in the Offer may be transferred to any other person holding the Equity Shares which are locked-in, subject to continuation of the lock-in in the hands of transferees for the remaining period and compliance with the Takeover Regulations.

Lock-in of the Equity Shares to be Allotted, if any, to the Anchor Investors

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

3. **Shareholding Pattern of our Company**

The table set forth presents the shareholding pattern of our Company as on the date of filing of this Draft Red Herring Prospectus:

Category (I)	Category of shareholder (II)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) =(IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No of Voting Rights			Total as a % of (A+B+ C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Share s held (b)	
								Class Equity	Class eg:y	Total								
(A)	**Promoter and Promoter Group**	13	24,010,792	-	-	24,010,792	99.70	24,010,792	-	24,010,792	99.70	-	99.70	-	-	-	-	22,810,792
(B)	**Public**	5	72,008	-	-	72,008	0.30	72,008	-	72,008	0.30	-	0.30	-	-	-	-	72,006
(C)	**Non Promoter-Non Public**	Not applicable																
(C1)	**Shares underlying DRs**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	**Shares held by Employee Trusts**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	18	24,082,800	-	-	24,082,800	100.00	24,082,800	-	24,082,800	100.00	-	100.00	-	-	-	-	22,882,798

5. The list of top 10 Shareholders and the number of Equity Shares held by them is as under:

(a) As on the date of filing of this Draft Red Herring Prospectus are as follows:

Sr. No.	Name of the Shareholder	Pre-Offer		Post-Offer	
		No. of Equity Shares	Percentage (%)	No. of Equity Shares	Percentage (%)
1.	Rajendra Shantilal Shah	3,605,396	14.97	[●]	[●]
2.	Harish Ranjit Rangwala	3,602,696	14.96	[●]	[●]
3.	Charusheela Harish Rangwala	3,602,696	14.96	[●]	[●]
4.	Nirmala Rajendra Shah	3,600,000	14.95	[●]	[●]
5.	Pilak Rajendra Shah	2,400,000	9.97	[●]	[●]
6.	Munjal Rangwala	2,400,000	9.97	[●]	[●]
7.	Vishal Rangwala	1,920,000	7.97	[●]	[●]
8.	Hetal Brijesh Ukani jointly with Nirmala Rajendra Shah	600,000	2.49	[●]	[●]
9.	Krina Rajendra Shah	600,000	2.49	[●]	[●]
10.	Vaishali Shah	600,000	2.49	[●]	[●]
11.	Mili Yashpal Mehta	600,000	2.49	[●]	[●]
Total		**23,530,788**	**97.71**		[●]

(b) 10 days prior to the date of filing of this Draft Red Herring Prospectus are as follows:

Sr. No.	Name of the Shareholder	Pre-Offer		Post-Offer	
		No. of Equity Shares	Percentage (%)	No. of Equity Shares	Percentage (%)
1.	Rajendra Shantilal Shah	3,605,396	14.97	[●]	[●]
2.	Harish Ranjit Rangwala	3,602,696	14.96	[●]	[●]
3.	Charusheela Harish Rangwala	3,602,696	14.96	[●]	[●]
4.	Nirmala Rajendra Shah	3,600,000	14.95	[●]	[●]
5.	Pilak Rajendra Shah	2,400,000	9.97	[●]	[●]
6.	Munjal Rangwala	2,400,000	9.97	[●]	[●]
7.	Vishal Rangwala	1,920,000	7.97	[●]	[●]
8.	Hetal Brijesh Ukani jointly with Nirmala Rajendra Shah	600,000	2.49	[●]	[●]
9.	Krina Rajendra Shah	600,000	2.49	[●]	[●]
10.	Vaishali Shah	600,000	2.49	[●]	[●]
11.	Mili Yashpal Mehta	600,000	2.49	[●]	[●]
Total		**23,530,788**	**97.71**		[●]

(c) Two years prior to the date of filing of this Draft Red Herring Prospectus are as follows:

Sr. No.	Name of the Shareholder	Pre-Offer		Post-Offer	
		No. of Equity Shares	Percentage (%)	No. of Equity Shares	Percentage (%)
1.	Harish Ranjit Rangwala	3,001,346	24.93	[●]	[●]
2.	Charusheela Harish Rangwala	3,001,346	24.93	[●]	[●]
3.	Rajendra Shantilal Shah	1,802,690	14.97	[●]	[●]
4.	Nirmala Shah	1,800,000	14.95	[●]	[●]
5.	Pilak Rajendra Shah	1,200,000	9.97	[●]	[●]
6.	Krina Rajendra Shah	300,000	2.49	[●]	[●]
7.	Hetal Brijesh Ukani jointly with Nirmala Rajendra Shah	300,000	2.49	[●]	[●]
8.	Mili Yashpal Mehta	300,000	2.49	[●]	[●]
9.	Vaishali Shah	300,000	2.49	[●]	[●]
10.	Dhirajlal Chunilal Bhatt	36,000	0.30	[●]	[●]
Total		**12,041,382**	**99.99**	[●]	[●]

6. Other than Rajendra Shantilal Shah, Harish Ranjit Rangwala, Vishal Rangwala, Pilak Rajendra Shah and Munjal Rangwala, none of our Directors or Key Management Personnel holds Equity Shares of our Company. For further details, see "*Our Management - Shareholding of Directors in our Company*" on page 145.

7. Other than the transfers on May 3, 2018, with respect to Vishal Rangwala, Harish Ranjit Rangwala and Rajendra Shantilal Shah, none of our Promoter Group, our Directors and their immediate relatives have purchased or sold any Equity Shares during a period of six months preceding the date of filing this Draft Red Herring Prospectus. For further details with respect to such transfers, see "- *Build-up of our Promoters' shareholding in our Company*", beginning on page 67.

8. As on the date of this Draft Red Herring Prospectus, the Book Running Lead Managers and their respective associates do not hold any Equity Shares in our Company.

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

10. Our Company presently does not intend or propose to alter the capital structure for a period of six months from the Bid / Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or issue of bonus or rights or further public issue of specified securities or qualified institutions placement or otherwise. However, if our Company enters into acquisitions, joint ventures or other arrangements, our Company may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisitions or participation in such joint ventures

11. Our Company does not intend to or propose any further issue of Equity Shares, whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus until the Equity Shares have been listed on the Stock Exchanges.

12. Our Company has 18 members as of the date of filing of this Draft Red Herring Prospectus.

13. Our Promoters, Promoter Group and Group Companies will not participate in the Offer.

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

15. An over-subscription to the extent of 10% of the Offer can be retained for the purposes of rounding off to the nearer multiple of minimum allotment lot.

16. Our Company has not issued any employee stock options in the past.

17. Our Company, the Directors, the Selling Shareholder(s) and the Book Running Lead Managers have not entered into any buy-back and / or standby arrangements or any safety net arrangement for purchase of Equity Shares from any person.

18. No financing arrangements have been entered into by our Promoter Group, the Directors or their relatives for the purchase by any other person of the securities of our Company other than in the normal course of business of the financing entity during a period of six months preceding the date of filing of this Draft Red Herring Prospectus.

19. Apart from a scheme of amalgamation entered into between our Company, Rollers and Retainers Private Limited and Harsha Component Private Limited, our Company has not issued any Equity Shares pursuant to any scheme approved under Sections 391-394 of the Companies Act, 1956. For further details, see "*History and Certain Corporate Matters*" beginning on page 132 and "- *Issue of Equity Shares for consideration other than cash or out of revaluation reserves*" beginning on page 64.

20. No person connected with the Offer, including, but not limited to, the Book Running Lead Managers, the members of the Syndicate, our Company, Directors, Promoters, members of our Promoter Group, Group Companies and Selling Shareholder(s) shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid.

21. All Equity Shares will be fully paid-up at the time of Allotment failing which no Allotment shall be made.

22. Under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill-over from any other category or a combination of categories at the discretion of our Company in consultation with the Investor Selling Shareholder(s), the Lead Managers and the Designated Stock Exchange. Such inter-se spill over, if any, would be effected in accordance with applicable laws.

23. In terms of Rule 19(2)(b) of the SCRR, the Net Offer shall be for at least 10% 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 SEBI Regulations, wherein 50% of the Net Offer shall be allocated on a proportionate basis to QIBs, provided that our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis, at the Anchor Investor Allocation Price. At least 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 Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI Regulations, subject to valid Bids being received at or above the Offer Price. Under-subscription, if any, in any category (including the Employee Reservation Portion), except in the QIB Category, would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company and the Selling Shareholders in consultation with the Book Running Lead Managers and the Designated Stock Exchange. The unsubscribed portion, if any, in the Employee Reservation Portion shall be added back to the Net Offer. In case of under-subscription in the Net Offer, spill-over to the extent of such under-subscription shall be permitted from the Employee Reservation Portion. All potential investors, other than Anchor Investors, are mandatorily required to utilise the ASBA process by providing details of their respective bank accounts which will be blocked by the SCSBs to the extent of the respective Bid Amounts, to participate in the Offer. For further details, see *"Offer Procedure"* on page 375.

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

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

OBJECTS OF THE OFFER

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

The Offer for Sale

The Selling Shareholders will be entitled to their respective portions of the proceeds of the Offer for Sale after deducting their proportion of Offer related expenses. Our Company will not receive any proceeds from the Offer for Sale by the Selling Shareholders.

The Fresh Issue

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

(a) Pre-payment or scheduled repayment of certain indebtedness availed by our Company;

(b) Purchase of machinery in India;

(c) Investment in Subsidiaries:

  (i) Investment in Harsha Engineers Europe SRL by ways of equity infusion; and

  (ii) Investment in Harsha Precision Bearing Components (China) Co. Ltd., in the form of debt capital.

(d) Infrastructure development for our existing facilities in India; and

(e) General corporate purposes.

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

The main objects clause and the objects ancillary to 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.

Offer Proceeds

The details of the proceeds of the Fresh Issue are summarized in the table below:

Sr. No.	**Particulars**	**Amount (in ₹ million)**
1.	Gross Proceeds of the Fresh Issue	Upto 3,700.00
2.	(Less) Offer related expenses in relation to the Fresh Issue*	[●]
3.	Net Proceeds	[●]

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

Utilization of Net Proceeds

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

Sr. No.	**Particulars**	**Amount (in ₹ million)**
1.	Pre-payment or scheduled repayment of certain indebtedness availed by our Company	1,375.00
2.	Purchase of machinery in India	880.85
3.	Investment in Subsidiaries:	355.08
	(i) Investment in Harsha Engineers Europe SRL by ways of equity infusion amounting to ₹ 211.50 million; and	
	(ii) Investment in Harsha Precision Bearing Components (China) Co. Ltd. in the form of debt amounting to ₹ 143.58 million.	
4.	Infrastructure development for our existing facilities in India	88.67
5.	General corporate purposes*	[●]
Net Proceeds*		**[●]**

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

Proposed Schedule of Implementation and Deployment of Funds

Our Company proposes 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.

(in ₹ million)

Sr. No.	Particulars	Total Estimated Cost	Amount proposed to be funded from the Net Proceeds	Estimated utilisation in Fiscal 2019	Estimated utilisation in Fiscal 2020
1.	Pre-payment or scheduled repayment of certain indebtedness availed by our Company	1,375.00	1,375.00	350.00	1,025.00
2.	Purchase of machinery in India	880.85	880.85	103.00	777.85
3.	Investment in Subsidiaries:	355.08	355.08	172.71	182.39
	(i) Investment in Harsha Engineers Europe SRL by ways of equity infusion amounting to ₹ 211.50 million; and	211.50	211.50	109.77	101.74
	(ii) Investment in Harsha Precision Bearing Components (China) Co. Ltd. in the form of debt amounting to ₹ 143.58 million.	143.58	143.58	62.94	80.65
4.	Infrastructure development for our existing facilities in India	88.67	88.67	50.00	38.67
5.	General corporate purposes*	[●]	[●]	[●]	[●]
Total			[●]	[●]	[●]

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

Means of Finance

As indicated above, our Company proposes to deploy the entire Net Proceeds towards the objects as described above during the Fiscals 2019 and 2020. However, if the Net Proceeds are not completely utilised for the objects stated above in the Fiscals 2019 and 2020 due to factors such as (i) economic and business conditions; (ii) increased competition; (iii) market conditions outside the control of our Company and its management; and (iv) other commercial considerations such as availability of alternate financial resources, the same would be utilised (in part or full) in a subsequent period as may be determined by our Company in accordance with applicable law. Any such change in our plans may require rescheduling of our expenditure programs and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Net Proceeds. For further details, see "*Risk Factors – Any variation in the utilisation of the Net Proceeds as disclosed in this Draft Red Herring Prospectus shall be subject to certain compliance requirements, including prior approval of the Shareholders of our Company*", beginning on page 21.

Our fund requirements and deployment of the Net Proceeds with regard to the aforesaid object are based on internal management estimates and on current market conditions, and have not been appraised by any bank or financial institution or other independent agency. They are based on current conditions of our business which are subject to change in the future. Our Company operates in a highly competitive and dynamic industry and may have to revise our estimates from time to time on account of changes in external circumstances or costs, or changes in other financial conditions, business or strategy. Our historical funding requirements may not be reflective of our future funding plans. In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements may be financed through our internal accruals and/or incremental debt, as required. If the actual utilization towards any of the objects 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, to the extent that the total amount to be utilized towards the general corporate purposes will not exceed 25% of the Net Proceeds in compliance with the SEBI Regulations. We confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, in addition to the Net Proceeds.

Details of the Objects of the Offer

The details in relation to objects of the Offer are set forth herein below.

1. Pre-payment or scheduled repayment of a portion its existing borrowing availed by our Company

Our Company proposes to utilise an estimated amount of ₹ 1,375.00 million from the Net Proceeds towards re-payment or pre-payment of the existing borrowings availed by our Company for the purposes stipulated as part of the table set forth. Our Company may repay or refinance part of its existing borrowings prior to Allotment. Accordingly, our Company may utilise the Net Proceeds for part pre-payment of any such refinanced borrowings or additional borrowings obtained. However, our Company confirms that the aggregate amount to be utilised from the Net Proceeds towards pre-payment or scheduled repayment of its existing borrowings (including re-financed or additional borrowings availed, if any), in part or full, would not exceed ₹ 1,375.00 million.

The pre-payment or scheduled repayment will help reduce our existing borrowings, assist us in maintaining a favourable debt-equity ratio and enable utilisation of our internal accruals for further investment in business growth and expansion. In addition, we believe that the debt-equity ratio of our Company will improve significantly enabling us to raise further resources in the future to fund potential business development opportunities and plans to grow and expand our business in the future.

The following table provides details of the existing borrowings availed by our Company, out of which we propose pre-payment or scheduled repayment of up to an amount aggregating to ₹ 1,375.00 million from the Net Proceeds:

Sr. No.	Name of lender	Nature of debt	Amount (in ₹ million)		Interest rate (%)	Purpose of availing loan	Repayment schedule	Prepayment penalty
			Borrowed/ sanctioned	Outstanding (1)(2)				
1.	Citibank	Fund base working capital	300	240.30	CC@10%-12%, PCFC L+150 to 200; EPC9.25% TO 10.00%	Working capital	Sanctioned validity for a period of one year, however, the repayment schedule of each sub-facility depends on the nature of such sub-facility and the date of drawdown	NIL
2.	State Bank of India	Fund base working capital	390	251.06	1.25-1.80% above MCLR	Working capital	Sanctioned validity for a period of one year, however, the repayment schedule of each sub-facility depends on the nature of such sub-facility and the date of drawdown	NIL
3.	Yes Bank Limited	Fund base working capital	400	314.93	6M MCLR+0.75-1%	Working capital	Sanctioned validity for a period of one year, however, the repayment schedule of each sub-facility depends on the nature of such sub-facility and the date of drawdown	NIL
4.	HDFC Bank Limited	Unsecured fund base working capital	200	100	9.25% TO 9.50% less subvention 3%	Working capital	Sanctioned validity for a period of one year, however, the repayment schedule of each sub-facility depends on the nature of such sub-facility and the date of drawdown	NIL
5.	RBL Bank Limited	Fund base working capital	600	200	MCLR+margin 0.15 to 0.50	Working capital	Sanctioned validity for a period of one year, however, the repayment schedule of each sub-facility depends on the nature of such sub-facility and the	NIL

Sr. No.	Name of lender	Nature of debt	Amount (in ₹ million)		Interest rate (%)	Purpose of availing loan	Repayment schedule	Prepayment penalty
			Borrowed/ sanctioned	Outstanding (1)(2)				
							date of drawdown	
6.	EXIM Bank Limited	Fund base term loan	600	480	9.35% FIXED	For acquisition at Romania	6.25 years including 15 months moratorium expiring February 1, 2021	On discretion of lender
7.	Citibank	Fund base term loan	200	40	11% FIXED	For acquisition at China	5 years including 15 months moratorium expiring February 18, 2019	NIL
8.	RBL Bank Limited	Fund base term loan	550	228	1 Year MCLR+0.20 = 9.95% (as on August 9, 2018)	For capital expenditure	4 years including 3 months, starting from February 4, 2019, expiry on February 4, 2022 -quarterly payout	Upto March, 2019 - 3%
9.	Kotak Mahindra Bank Limited	Fund base term loan	14	12.92	8.50%-9.50%	7 Nos. of Buses (TATA 912 Ultra)	5 years, 60 installments, expiring February 5, 2023	At the discretion of lender
Total			**3,254**	**1,867.20**				

(1) As certified by our Statutory Auditor.
(2) As at August 7, 2018.

Our Statutory Auditor has confirmed that the borrowings set out in the table above have been utilised for the purposes as stipulated in each of the relevant borrowing documents.

The part pre-payment of term loans availed by our Company as set out above shall be based on various factors including; (i) any conditions attached to the loans restricting our ability to pre-pay existing borrowings and time taken to fulfil such requirements or obtain waivers for fulfilment of, such conditions; (ii) levy of any pre-payment penalties and the quantum thereof; (iii) provisions of any law, rules, regulations and contracts governing such borrowings; and (iv) other commercial considerations including, the interest rate on such borrowings, the amount of the borrowing outstanding and the remaining tenor of the such borrowing.

In case we are unable to raise the Offer Proceeds till the due date for repayment of above mentioned portion of the loan, the funds earmarked for such repayment may be utilised for payment of future instalments of the above mentioned loan or other loan for an amount not more than the amount mentioned above. For further details in relation to the terms and conditions under the aforesaid loan agreement as well as restrictive covenants in relation to thereof, see the section "*Financial Indebtedness*", beginning on page 319. Our Company may also avail further loans after the date of filing of this Draft Red Herring Prospectus. Accordingly, we may utilise the Net Proceeds towards pre-payment of such additional indebtedness. However, the quantum of Net Proceeds that will be utilised for pre-payment of loans shall not exceed ₹ 1,375.00 million.

2. Purchase of machinery in India

As a part of our strategy to focus on operational efficiency to improve returns, we intend to increase automation of various processes to eliminate waste and improve efficiency to reduce our fixed costs and as part of our strategy to grow our stamping and specialised component segment, we intend to further develop our stamping and specialised components capabilities, for further details of the aforesaid strategies, see, "*Our Business – Our Strategies*" beginning on page 114. Accordingly, in furtherance of the aforesaid, we intend to purchase machinery for our existing production facilities in India.

Accordingly, we propose to utilize ₹ 880.85 million out of the Net Proceeds towards purchasing additional machinery for deployment at our principal production facilities at Changodar and Moraiya in order to increase the automated processes available at such facilities and set up a dedicated stamping unit at our production facility at Moraiya.

While we propose to utilize ₹ 880.85 million towards purchasing machinery for deployment at our principal production facilities at Changodar and Moraiya, based on our current estimates, the specific number and nature of such machinery to be purchased by our Company will depend on our business requirements and the details of machinery to be purchased from the Net Proceeds will be suitably updated at the time of filing of the Red Herring Prospectus with the Registrar of Companies.

An indicative list of such machinery that we intend to purchase for deployment at our principal production facilities at Changodar and Moraiya, along with details of the quotations, as certified by D.P. Jani, Chartered Engineer, have been set forth.

Sr. No.	Type of machinery	Description of machinery	Quantity	Cost per unit (in ₹ million)*	Total cost (in ₹ million)*	Details in relation to quotations obtained		Purpose	Proposed deployment in Fiscal
						Name of vendor	Date of quotation		
1.	CNC	VMC 850 with Head and high speed spindle	4	6.37	25.48	Jyoti CNC Automation Ltd.	July 3, 2018	Capacity Expansion	2019
2.	CNC	VMC PX 10 NVU	2	3.49	6.97	Jyoti CNC Automation Ltd.	July 3, 2018	Replacement	2019
3.	CNC	CNC lathe 350 mm (DX 350)	2	3.09	6.18	Jyoti CNC Automation Ltd.	July 3, 2018	Capacity Expansion	2019
4.	CNC	CNC VTL 1200 MM Youji Taiwan	1	19.76	19.76	Cosmos Impex (India) P Ltd.	July 6, 2018	Capacity Expansion	2019
5.	CNC	CNC Umill 6	3	30.91	92.74	Jyoti CNC Automation Ltd.	July 3, 2018	Capacity Expansion	2020
6.	CNC	CNC Turning lathe As per CRB Specification DX 100 with std. accessories and with A26 spindle, 52 MM	3	2.05	6.14	Jyoti CNC Automation Ltd.	July 3, 2018	Replacement	2019
7.	Press	16T press for notching and coining – Spherical	1	0.66	0.66	Impact Machines	July 4, 2018	Replacement	2019
8.	Press	45T press	3	1.57	4.70	Swastik Engitech Pvt. Ltd.	July 5, 2018	Capacity Expansion	2020
9.	Press	60T press	2	1.83	3.66	Swastik Engitech Pvt. Ltd.	July 5, 2018	Capacity Expansion	2020
10.	Press	110T press	1	2.44	2.44	Kriti Inter Trade	July 7, 2018	Replacement	2019
11.	Press	16T press	2	0.66	1.32	Impact Machines	July 4, 2018	Capacity Expansion	2020
12.	Press	25T press	2	0.92	1.84	Impact Machines	July 4, 2018	Capacity Expansion	2020
13.	Press	45T press	2	1.57	3.13	Swastik Engitech Pvt. Ltd.	July 5, 2018	Capacity Expansion	2020
14.	Press	110T press	2	2.44	4.87	Kriti Inter Trade	July 7, 2018	Capacity Expansion	2020
15.	Press	200T press	4	5.35	21.40	Impact Machines	July 9, 2018	Capacity Expansion	2020
16.	Press	63T press	1	2.28	2.28	Impact Machines	July 9, 2018	Capacity Expansion	2020
17.	Press	160T press	1	3.60	3.60	Impact Machines	July 6, 2018	Capacity Expansion	2020
18.	Press	260T Chingfong press 'OCP 260E'	1	8.20	8.20	Kriti Inter Trade	July 6, 2018	Replacement	2020
19.	Press	315T	3	8.67	26.01	Isgec Heavy Engineering Ltd	July 6, 2018	Capacity Expansion	2019
20.	Press	110T press	1	2.44	2.44	Kriti Inter Trade	July 7, 2018	Capacity Expansion	2020
21.	Injection molding	35T Injection moulding machine	2	3.33	6.67	Karan Engineering Company	July 7, 2018	Capacity Expansion	2020

22.	Injection molding	50T Injection moulding machine	3	3.80	11.39	Karan Engineering Company	July 7, 2018	Capacity Expansion	2020
23.	Injection molding	75T Injection moulding machine	3	4.51	13.53	Toshiba Machines Co. Ltd.	July 11, 2018	Capacity Expansion	2020
24.	Injection molding	180T Injection moulding machine	1	6.74	6.74	Toshiba Machines Co. Ltd.	July 11, 2018	Capacity Expansion	2020
25.	Feeder set	1000T Press straightner, feeder and decoiler set	2	17.26	34.52	Taiwan Shung Dar Ind. Co. Ltd.	May 8, 2018	Line Balance	2020
26.	Feeder set	315T Press straightner, feeder and decoiler set	2	9.50	19.00	Pressroom Automation and Feed Fixtures (I) P. Ltd.	July 11, 2018	Line Balance	2020
27.	Press	1600 T Hyd. Press	4	32.90	131.60	Isgec Heavy Engineering Ltd	July 4, 2018	Capacity Expansion	2020
28.	Press	1000 T Hyd. Press	4	26.74	106.94	Isgec Heavy Engineering Ltd	July 4, 2018	Capacity Expansion	2020
29.	Press	630 T Hyd. Press	2	18.93	37.85	Isgec Heavy Engineering Ltd	July 4, 2018	Capacity Expansion	2020
30.	Washing machine	Washing machine	57	0.68	39.00	Arbuda Packaging machinery	Aug 7, 2018	Line Balance	2020
31.	Vision system	Vision system	20	2.20	44.00	Semitronik instrument	Aug 7, 2018	Line Balance	2020
32.	Filtration system	Filtration system	1	14.90	14.90	Span filtration	Aug 4, 2018	Line Balance	2020
33.	CNC	Large 5 Axis CNC DMG Model DMC 125 U	1	85.65	85.65	DMG Asia PTE Ltd.	Aug 8, 2018	Capacity Expansion	2020
34.	Feeder set	Cage Feeder	20	0.26	5.16	Hindustan Automation	Aug 8, 2018	Line Balance	2020
Total machinery cost					800.77				
Contingency (at 10% of total machinery cost)**					80.08				
Total machinery cost including contingency					880.85				

** Calculated after converting USD @68.62, EUR @79.6327 and JPY @0.6180 (100JPY= ₹ 61.80) to derive Indian Rupees as on August 9, 2018 where applicable.*

*** Considered to account for other miscellaneous expenditure such as, labour charges for loading/unloading, inspection charges, freight, insurance, octroi, entry tax, customs duty, goods and services tax (wherever applicable), fluctuation in cost at the time of actual order and other applicable taxes as these can be determined only at the time of placing of orders.*

The quotations in relation to the machinery are valid as on the date of this Draft Red Herring Prospectus. Whilst we have included a contingency of 10% of the total machinery cost to account for other miscellaneous expenditure such as, freight, insurance, octroi, entry tax, customs duty, goods and services tax (wherever applicable) and other applicable taxes as these can be determined only at the time of placing of orders. Such additional costs shall be funded from the Net Proceeds proposed to be utilised towards the purchase of machinery or through internal accruals, if required.

In relation to the purchase of machinery for deployment at our principal production facilities at Changodar and Moraiya, as set out above, we have not entered into any definitive agreements with any of these vendors and there can be no assurance that the same vendors would be engaged to eventually supply the machinery or at the same costs. The quantity of machinery to be purchased will be based on management estimates and our business requirements. Our Company shall have the flexibility to deploy such machinery according to the business requirements of our Company and based on estimates of our management.

No second-hand or used machinery is proposed to be purchased out of the Net Proceeds. Each of the units of machinery mentioned above is proposed to be acquired in a ready-to-use condition.

Further, the Promoters, Directors, Key Managerial Personnel and the Group Companies do not have any interest in the proposed acquisition of the machinery or in the entity from whom we have obtained quotations in relation to such proposed acquisition of the machinery and our Company has confirmed that such entities do not form part of our Promoter Group or Group Companies.

3. Investment in Subsidiaries

*Investment in Harsha Engineers Europe SRL ("**HEESRL**") by way of equity infusion*

Our Subsidiary, HEESRL, is involved in the business of, amongst others, in production activities of brass products for industrial use. HEESRL is a private company established pursuant to the Law 31/1990 issued by the Romanian Parliament and registered with the Trade Registry of Romania, County Brasov. The objects of HEESRL in terms of its charter document is "Other non-ferrous metals foundry", according to code 2454 mentioned by Order 337/2007 issued by the National Statistics Institute regarding the updating of the National Economy Activities Classification, which was initially defined by Government Decision 656/1997. HEESRL is licensed by means of self-declaration according to Law 359/2004, and has the necessary approvals to undertake the business mentioned above. HEESRL operates plant at Romania for manufacturing of brass castings and bearing cages with an aggregate installed capacity of 35,376.00 MT and 0.38 million, respectively.

As on the date of this Draft Red Herring Prospectus, our Company through, HEBV holds 1,277,371 shares cumulatively amounting to 99.99% of the total issued capital of HEESRL. We propose to utilise ₹ 211.50 million from the Net Proceeds towards further investment in HEESRL for financing purchase of machinery for our existing production facility in Romania.

The investment by our Company in HEESRL is proposed to be undertaken by way of subscription to the equity shares of HEESRL by our Company or through HEBV. No dividends have been assured to our Company by the HEESRL or HEBV for the purposes of the said investment. The said investment will result in the direct or indirect increase in the value of the investment made by our Company in HEESRL. Further, such investment is being undertaken in furtherance of our Company's objective to focus on operational efficiency to improve returns, we intend to increase automation of various processes to eliminate waste and improve efficiency to reduce our fixed costs and in furtherance of our strategy to enhance market leadership in bearing cages and expand our customer base, for further details see, "*Our Business – Our Strategies*" beginning on page 114. Accordingly, HEESRL proposes to utilise the entire investment towards purchasing additional machinery for deployment at the production facility in Romania, based on HEESRL's current estimates, the specific number and nature of such machinery to be purchased by HEESRL will depend on HEESRL's business requirements and the details of machinery to be purchased from the aforementioned proposed investment by our Company will be suitably updated at the time of filing of the Red Herring Prospectus with the Registrar of Companies.

An indicative list of such machinery that HEESRL intends to purchase for deployment at the production facility in Romania, along with details of the quotations received, as certified by D.P. Jani, Chartered Engineer, have been set forth.

Sr. No.	Type of machinery	Description of machinery	Quantity	Cost per unit (in ₹ million) *	Total cost (in ₹ million)*	Details in relation to quotations obtained		Purpose	Proposed deployment
						Name of vendor	Date of quotation		
1.	CNC	CNC VTL 1200 MM Youji Taiwan	1	19.76	19.76	Cosmos Impex (India) P Ltd.	July 6, 2018	Capacity Expansion	2019
2.	CNC	CNC Huron MX 10	1	80.03	80.03	Jyoti CNC Automation Ltd.	July 3, 2018	Capacity Expansion	2019
3.	CNC	Machining centre THC 22 P Extreme	1	92.49	92.49	IBARMIA	July 4, 2018	Capacity Expansion	2020
Total machinery cost					192.27				
Contingency (at 10% of total machinery cost)**					19.23				
Total machinery cost including contingency					211.50				

** Calculated after converting USD @68.62, EUR @79.6327 and JPY @0.6180 (100JPY= ₹ 61.80) to derive Indian Rupees as on August 9, 2018 where applicable.*

*** Considered to account for other miscellaneous expenditure such as, labour charges for loading/unloading, inspection charges, freight, insurance, octroi, entry tax, customs duty, goods and services tax (wherever applicable), fluctuation in cost at the time of actual order and other applicable taxes as these can be determined only at the time of placing of orders.*

The quotations in relation to the machinery are valid as on the date of this Draft Red Herring Prospectus. Whilst we have included a contingency of 10% of the total machinery cost to account for other miscellaneous expenditure such as, freight, insurance, applicable customs duty and other applicable taxes as these can be determined only at the time of placing of orders. Such additional costs shall be funded from the Net Proceeds proposed to be utilised towards the purchase of machinery or through internal accruals, if required.

In relation to the purchase of machinery by HEESRL for deployment at the production facility in Romania as set out above, neither HEESRL nor our Company have entered into any definitive agreements with any of these vendors and there can be no assurance that the same vendors would be engaged to eventually supply the machinery or at the same costs. The quantity of machinery to be purchased will be based on management estimates and business requirements of HEESRL. HEESRL shall have the flexibility to deploy such machinery according to the business requirements of HEESRL and based on estimates of its management.

No second-hand or used machinery is proposed to be purchased by HEESRL. Each of the units of machinery mentioned above is proposed to be acquired in a ready-to-use condition.

Further, the Promoters, Directors, Key Managerial Personnel and the Group Companies do not have any interest in the proposed acquisition of the machinery or in the entity from whom we have obtained quotations in relation to such proposed acquisition of the machinery and our Company has confirmed that such entities do not form part of our Promoter Group or Group Companies.

*Investment in Harsha Precision Bearing Components (China) Co. Ltd. ("**HPBCCCL**") in the form of debt*

Our Subsidiary, HPBCCCL, is a private company registered with the Administration for Market Regulation of Changshu and is engaged in manufacturing and developing engineering components. The objects of HPBCCCL in terms of its charter document is to manufacture the internationally advanced bearing cages with advanced technology, in-depth knowledge and complicate machinery, and to sell the product and provide technical after-sale services to its customers, finally to satisfy the demand of the Company's customers in China. HPBCCCL operates a plant at Suzhou for manufacturing and developing engineering components and it has initiated the process for relocation of its existing facility closer to Harsha Engineers Components (Changshu) Co. Ltd. For further details in relation to such relocation, see "*Our Business - Our Production Facilities*" beginning on page 123.

As on the date of this Draft Red Herring Prospectus, our Company holds 100.00% of the total issued capital of HPBCCCL. We propose to utilise ₹ 143.58 million from the Net Proceeds towards further investment in HPBCCCL for financing the capital expenditure of HPBCCCL in the form of purchase of machinery.

The investment by our Company in HPBCCCL is proposed to be undertaken by way of an un-secured loan at prevailing market rate of interest and will be re-payable to our Company within five years of the disbursement of the loan with option of bullet re-payment along with interest. This investment will help HPBCCCL in increasing its capacity of bearing cages. Further, such investment is being undertaken in furtherance of our Company's objective to focus on operational efficiency to improve returns, we intend to increase automation of various processes to eliminate waste and improve efficiency to reduce our fixed costs. Accordingly, HPBCCCL proposes to utilise the entire investment towards purchasing additional machinery at its production facility for deployment, based on HPBCCCL's current estimates, the specific number and nature of such machinery to be purchased by HPBCCCL will depend on HPBCCCL's business requirements and the details of machinery to be purchased from the aforementioned proposed investment by our Company will be suitably updated at the time of filing of the Red Herring Prospectus with the Registrar of Companies.

An indicative list of such machinery that HPBCCCL intends to purchase for deployment at its production facility, along with details of the quotations received, as certified by D.P. Jani, Chartered Engineer, have been set forth.

Sr. No.	Type of machinery	Description of machinery	Quantity	Cost per unit (in ₹ million) *	Total cost (in ₹ million)*	Details in relation to quotations obtained		Purpose	Proposed deployment in Fiscal
						Name of vendor	Date of quotation		
1.	CNC	VMC 850 with Head and high speed spindle	3	12.31	36.93	Jyoti CNC Automation Ltd.	June 25, 2018	Capacity Expansion	2019
2.	CNC	PX 10 NVU	2	7.07	14.13	Jyoti CNC Automation Ltd.	June 25, 2018	Capacity Expansion	2019
3.	CNC	CNC lathe 350 mm (DX 350)	1	6.16	6.16	Jyoti CNC Automation Ltd.	June 25, 2018	Capacity Expansion	2019
4.	CNC	NLX 2500	2	9.99	19.99	DMG Mori India Pvt. Ltd.	July 3, 2018	Capacity Expansion	2020
5.	CNC	NVD 5000a	2	15.34	30.68	DMG Mori India Pvt. Ltd.	July 3, 2018	Capacity Expansion	2020
6.	CNC	Cheveliar 1220 Surface grinder	1	3.11	3.11	Alex Machine Tools Pvt. Ltd.	July 4, 2018	Capacity Expansion	2020
7.	CNC	Cylindrical dia 500 MM	1	2.00	2.00	Alex Machine Tools Pvt. Ltd.	July 4, 2018	Capacity Expansion	2020
8.	Press	16T press for notching and coining	2	0.66	1.32	Impact Machines	July 4, 2018	Capacity Expansion	2020

Sr. No.	Type of machinery	Description of machinery	Quantity	Cost per unit (in ₹ million) *	Total cost (in ₹ million)*	Details in relation to quotations obtained		Purpose	Proposed deployment in Fiscal
						Name of vendor	Date of quotation		
9.	Press	25T press for notching and coining	2	0.92	1.84	Impact Machines	July 4, 2018	Capacity Expansion	2020
10.	Press	63T press	2	1.30	2.59	Impact Machines	July 4, 2018	Capacity Expansion	2020
11.	Press	16T press for notching and coining – Spherical	2	0.66	1.32	Impact Machines	July 4, 2018	Capacity Expansion	2020
12.	Press	25T press for notching and coining - Spherical	4	0.92	3.68	Impact Machines	July 4, 2018	Capacity Expansion	2020
13.	Press	45T Press	2	1.57	3.13	Swastik Engitech Pvt. Ltd.	July 5, 2018	Capacity Expansion	2020
14.	Press	60T Press	2	1.83	3.66	Swastik Engitech Pvt. Ltd.	July 5, 2018	Capacity Expansion	2020
Total machinery cost					**130.53**				
Contingency (at 10% of total machinery cost)**					**13.05**				
Total machinery cost including contingency					**143.58**				

* *Calculated after converting USD @68.62, EUR @79.6327 and JPY @0.6180 (100 JPY= ₹ 61.80) to derive Indian Rupees as on August 9, 2018 where applicable.*

*** Considered to account for other miscellaneous expenditure such as, labour charges for loading/unloading, inspection charges, freight, insurance, octroi, entry tax, customs duty, goods and services tax (wherever applicable), fluctuation in cost at the time of actual order and other applicable taxes as these can be determined only at the time of placing of orders.*

The quotations in relation to the machinery are valid as on the date of this Draft Red Herring Prospectus. Whilst we have included a contingency of 10% of the total machinery cost to account for other miscellaneous expenditure such as, freight, insurance, applicable customs duty and other applicable taxes as these can be determined only at the time of placing of orders. Such additional costs shall be funded from the Net Proceeds proposed to be utilised towards the purchase of machinery or through internal accruals, if required.

In relation to the purchase of machinery by HPBCCCL for deployment at its production facility as set out above, neither HPBCCCL nor our Company has entered into any definitive agreements with any of these vendors and there can be no assurance that the same vendors would be engaged to eventually supply the machinery or at the same costs. The quantity of machinery to be purchased will be based on management estimates and business requirements of HPBCCCL. HPBCCCL shall have the flexibility to deploy such machinery according to the business requirements of HPBCCCL and based on estimates of its management.

No second-hand or used machinery is proposed to be purchased by HPBCCCL. Each of the units of machinery mentioned above is proposed to be acquired in a ready-to-use condition.

Further, the Promoters, Directors, Key Managerial Personnel and the Group Companies do not have any interest in the proposed acquisition of the machinery or in the entity from whom we have obtained quotations in relation to such proposed acquisition of the machinery and our Company has confirmed that such entities do not form part of our Promoter Group or Group Companies.

4. Infrastructure development for our existing facilities in India

On an ongoing basis, we continuously invest in the overall infrastructure development at one of our principal production facility, i.e. Moraiya. Such infrastructure development will be mainly in the form of installation of the required HVAC and utilities and other related civil work.

Accordingly, we have obtained a certification from Hitesh Parekh, Chartered Engineer, dated August 16, 2018 (the "**Certification**") for the purposes of estimation of cost involved in civil work for such infrastructure development at one of our principal production facility, i.e. Moraiya. On the basis of the cost estimation provided under the Certification, we propose to utilise ₹ 88.67 million from the Net Proceeds during Fiscals 2019 and 2020 for such aforementioned infrastructure development. The detailed break-up of the estimated cost is set forth below:

Sr. No.	Location	Particulars	Details	Proposed cost (in ₹ million)
1.	**Unit-II, Moraiya**	Civil Work	R.C.C. Columns, Portal and Purlin with Pre-coated Sheet, Beams, Brick walls, Plaster, Aluminium Doors,	55.65

Sr. No.	Location	Particulars	Details	Proposed cost (in ₹ million)
			Windows, and Vents, RC Floor, Beams, Slabs, Vitrified Tiles	
		Electrical Work	LED Lighting, Cabling, Bus-Bar, Cable Tray, Suspender, Machinery Related Cable work	6.96
		HVAC Work	AHU's with Chiller including low side work, estimated 250TR and Roof Insulation	18.00
		Total civil works cost		80.61
		Contingency @10%*		8.06
		Total civil works cost with contingency		88.67

** Considered to account for other miscellaneous expenditure such as, Labour charges, Inspection charges, freight, insurance, octroi, goods and services tax (wherever applicable), fluctuation in cost at the time of actual order and other applicable taxes as these can be determined only at the time of placing of orders.*

5. General corporate purposes

The Net Proceeds will first be utilized for the objects as set out above. Subject to this, our Company intends to deploy any balance left out of the Net Proceeds, aggregating to ₹ [●] million, towards general corporate purposes and the business requirements of our Company and the Subsidiaries, as approved by our management, from time to time, subject to such utilization for general corporate purposes not exceeding 25% of the Net Proceeds, in compliance with the SEBI Regulations. Such general corporate purposes may include, but are not restricted to, (i) strategic initiatives; (ii) funding growth opportunities; (iii) strengthening marketing capabilities and brand building exercises; (iv) meeting ongoing general corporate contingencies; and (v) any other purpose, as may be approved by the Board or a duly constituted committee thereof, subject to compliance with applicable law, including provisions of the Companies Act.

The allocation or quantum of utilization of funds towards the specific purposes described above will be determined by the Board, based on our business requirements and other relevant considerations, from time to time. Our management, in accordance with the policies of the Board, shall have the flexibility in utilising surplus amounts, if any.

Offer related expenses

The total expenses of the Offer are estimated to be approximately ₹ [●] million. The expenses of this Offer include, among others, listing fees, underwriting fees, selling commission, fees payable to the Book Running Lead Managers, fees payable to legal counsels, fees payable to the Registrar to the Offer, Escrow Collection Bank to the Offer, processing fee to the SCSBs for processing ASBA Forms, brokerage and selling commission payable to Registered Brokers, Collecting RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

All expenses in relation to the Offer shall be borne by our Company. Any payments by our Company in relation to the Offer expenses on behalf of the Selling Shareholders shall be reimbursed by the Selling Shareholders to our Company inclusive of taxes. The break up for the estimated Offer expenses is as follows:

Activity	Estimates expenses(1) (in ₹ million)	As a % of total estimated Offer expenses(1)	As a % of the total Offer size(1)
Book Running Lead Managers fees and commissions (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Commission/processing fee for SCSBs and Bankers to the Offer(2)	[●]	[●]	[●]
Brokerage and selling commission and bidding charges for Members of the Syndicate, Registered Brokers, RTAs and CDPs(3)(4)	[●]	[●]	[●]
Fees payable to Registrar to the Offer	[●]	[●]	[●]
Other advisors to the Offer	[●]	[●]	[●]
Others	[●]	[●]	[●]
- listing fees, SEBI filing fees, book-building software fees	[●]	[●]	[●]
- printing and stationery	[●]	[●]	[●]
- fee payable to legal counsels	[●]	[●]	[●]
- advertising and marketing	[●]	[●]	[●]
- miscellaneous	[●]	[●]	[●]
Total estimated Offer expenses	[●]	[●]	[●]

(1) *Amounts will be finalised on determination of Offer Price.*

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

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

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

Selling Commission payable to the SCSBs will be determined on the basis of the bidding terminal id as captured in the Bid Book of BSE or NSE.

(3) *No processing fees shall be payable by our Company and the Selling Shareholders to the SCSBs on the applications directly procured by them.*

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

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

(4) *Selling commission on the portion for Retail Individual Bidders, Non-Institutional Bidders and Eligible Employees which are procured by members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, RTAs and CDPs would be as follows:*

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

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

The Selling Commission payable to the Syndicate / Sub-Syndicate Members will be determined on the basis of the application form number / series, provided that the application is also bid by the respective Syndicate / Sub-Syndicate Member. For clarification, if a Syndicate ASBA application on the application form number / series of a Syndicate / Sub-Syndicate Member, is bid by an SCSB, the Selling Commission will be payable to the SCSB and not the Syndicate / Sub-Syndicate Member.

Bidding Charges payable to members of the Syndicate (including their sub-Syndicate Members), RTAs and CDPs on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by them and submitted to SCSB for blocking, would be as follows: ₹ [●] *plus GST, per valid application bid by the Syndicate (including their sub-Syndicate Members), RTAs and CDPs.*

The selling commission and Bidding Charges payable to Registered Brokers the RTAs and CDPs will be determined on the basis of the bidding terminal id as captured in the Bid Book of BSE or NSE.

Interim use of Net Proceeds

Our Company, in accordance with the policies established by the Board from time to time, will have the flexibility to deploy the Net Proceeds. Pending utilization of the Net Proceeds for the purposes described above, our Company will temporarily invest the Net Proceeds in deposits in one or more scheduled commercial banks included in the Second Schedule of Reserve Bank of India Act, 1934, or in debt based investment funds, as may be approved by the Board. In accordance with Section 27 of the Companies Act, 2013, our Company confirms that it shall not use the Net Proceeds for any investment in the equity markets.

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

In terms of Regulation 16(1) of the SEBI Regulations, our Company has appointed [●] as the monitoring agency to monitor the utilization of the Net Proceeds. Our Company undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee without any delay. Our Company will disclose the utilization of the Net Proceeds, including interim use under a separate head in its balance sheet for such fiscal periods as required under the SEBI Regulations, the Listing Regulations and any other applicable laws or regulations, clearly specifying the purposes for which the Net Proceeds have been utilized. Our Company will also, in its balance sheet for the applicable fiscal periods, provide details, if any, in relation to all such Net Proceeds that have not been utilized, if any, of such currently unutilized Net Proceeds.

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

Variation in Objects of the Offer

In accordance with Sections 13(8) and 27 of the Companies Act, 2013, our Company shall not vary the Objects of the Offer unless our Company is authorized to do so by way of a special resolution of its Shareholders. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution (the "**Postal Ballot Notice**") shall specify the prescribed details and be published in accordance with the Companies Act, 2013. The Postal Ballot Notice shall specify the prescribed details as required under the Companies Act, 2013. The Postal Ballot Notice shall specify the prescribed details as required under the Companies Act, 2013. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Gujarati, the vernacular language of the jurisdiction where the Registered Office is situated. 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, subject to the provisions of the Companies Act, 2013 and in accordance with such terms and conditions, including in respect of pricing of the Equity Shares, in accordance with the Companies Act, 2013 and provisions of Chapter VI A of the SEBI Regulations.

Appraising Agency

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

Other Confirmations

No part of the Net Proceeds will be utilized by our Company as consideration to the Promoters, members of the Promoter Group, the Directors, the Group Companies or key managerial employees. Our Company has not entered into or is not planning to enter into any arrangement/ agreements with the Promoters, the Directors, the Key Management Personnel or the Group Companies in relation to the utilization of the Net Proceeds of the Offer. Further, except in the ordinary course of business, there is no existing or anticipated interest of such individuals and entities in the objects of the Fresh Issue as set out above.

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers on the basis of assessment of market demand for the Equity Shares offered in the Offer through the Book Building Process and on the basis of quantitative and qualitative factors as set forth. 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. Investors to see "*Our Business*", "*Risk Factors*" and "*Financial Statements*" beginning on pages 112, 13 and 166, respectively, to have an informed view before making an investment decision.

Qualitative Factors

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

1. Diversified product portfolio;
2. Strong long-term customer relationships;
3. Strategically located domestic and international production facilities;
4. Deep expertise in Tooling, research and development and automation; and
5. Strong, experienced and dedicated senior management team and qualified workforce.

For further details, see "*Our Business – Strengths*" beginning on page 113.

Quantitative Factors

Certain information presented below relating to our Company is based on the Restated Financial Statements. For details, see "*Financial Statements*" beginning on page 166.

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

1. Basic and Diluted Earnings Per Share ("EPS"), as adjusted for changes in capital:

As per Restated Consolidated Financial Statements:

Fiscal Year ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2018	23.50	23.50	3
March 31, 2017	4.57	4.57	2
March 31, 2016	9.73	9.73	1
Weighted Average	**14.90**	**14.90**	

As per Restated Standalone Financial Statements:

Fiscal Year ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2018	25.25	25.25	3
March 31, 2017	13.59	13.59	2
March 31, 2016	12.57	12.57	1
Weighted Average	**19.25**	**19.25**	

Notes:

(1) *Basic earnings per share (₹) =* $\dfrac{\text{Net profit after tax, as restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$

(2) *Diluted earnings per share (₹) =* $\dfrac{\text{Net profit after tax, as restated, attributable to equity shareholders}}{\text{Weighted average number of diluted equity shares outstanding during the year}}$

(3) *EPS is calculated as adjusted to the bonus issuance made on June 27, 2018*

(4) *Basic and diluted earnings per Equity Share are computed in accordance with Accounting Standard 20 'Earnings per Share', notified under the Companies (Accounting Standards) Rules, 2006.*

(5) *The figures disclosed above are based on the Restated Consolidated Financial Statements and Restated Standalone Financial Statements, as applicable. The above statement should be read with significant accounting policies and notes on the Restated Consolidated Financial Statements and the Restated Standalone Financial Statements, as applicable.*

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

Particulars	P/E at the lower end of Price band (number of times)	P/E at the higher end of Price band (number of times)
Based on basic EPS for the year ended March 31, 2018 on a consolidated basis	[●]	[●]
Based on basic EPS for the year ended March 31, 2018 on a standalone basis	[●]	[●]
Based on diluted EPS for the year ended March 31, 2018 on a consolidated basis	[●]	[●]
Based on diluted EPS for the year ended March 31, 2018 on a standalone basis	[●]	[●]

3. Industry Peer Group P/E ratio

Not Applicable, as there are no listed entities similar to our line of business and comparable to our scale of operations.

4. Average Return on Net Worth in the preceding three years ("RoNW")

As per the Restated Consolidated Financial Statements:

Fiscal Year ended	RoNW %	Weight
March 31, 2018	22.57	3
March 31, 2017	5.74	2
March 31, 2016	12.46	1
Weighted Average	**15.27**	

As per the Restated Standalone Financial Statements:

Fiscal Year ended	RoNW %	Weight
March 31, 2018	19.64	3
March 31, 2017	13.14	2
March 31, 2016	13.99	1
Weighted Average	**16.53**	

Notes:

(1) Return on Net Worth (%) = $\dfrac{\text{Net Profit after tax as restated (excluding extra ordinary Items)}}{\text{Net Worth as restated (Excluding Preference Share Capital) at the End Of the year}}$

(2) Net worth has been computed by aggregating paid-up share capital and reserves and surplus (securities premium, general reserve and surplus in the Statement of Profits and Losses) and excluding revaluation reserve as per the Restated Consolidated Financial Statements and Restated Standalone Financial Statements, as applicable.

5. Minimum Return on Increased Net Worth after the Offer needed to maintain Pre-Offer EPS as at [●]:

Based on the Restated Consolidated Financial Statements:

Particulars	At Floor Price (%)	At Cap Price (%)
To maintain pre-Offer basic EPS	[●]	[●]
To maintain pre-Offer diluted EPS	[●]	[●]

Based on the Restated Standalone Financial Statements:

Particulars	At Floor Price (%)	At Cap Price (%)
To maintain pre-Offer basic EPS	[●]	[●]
To maintain pre-Offer diluted EPS	[●]	[●]

6. Net Asset Value per Equity Share of face value of ₹ 10 each (as adjusted for changes in capital)

Based on Restated Consolidated balance sheet

(i) Net asset value per Equity Share as on March 31, 2018 is ₹104.13.

(ii) After the Offer:

(a) At the Floor Price: ₹ [●]

(b) At the Cap Price: ₹ [●]

(iii) Offer Price: ₹ [●]

Based on Restated Standalone balance sheet

(i) Net asset value per Equity Share as on March 31, 2018 is ₹128.62.

(ii) After the Offer:

(a) At the Floor Price: ₹ [●]

(b) At the Cap Price: ₹ [●]

(iii) Offer Price: ₹ [●]

Notes:

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

(2) *Net asset value (NAV) per equity share (₹) =* $\dfrac{\textit{Net Worth as restated (Excluding Preference Share Capital) at the End Of the year}}{\textit{Number of Equity shares outstanding at the end of the year}}$

(3) *EPS is calculated as adjusted to the bonus issuance made on June 27, 2018*

(4) *Net worth has been computed by aggregating paid up share capital and reserves and surplus (securities premium, general reserve and surplus in the Statement of Profits and Losses) and excluding revaluation reserve as per the Restated Consolidated Financial Statements or Restated Standalone Financial Statements, as applicable.*

7. Comparison of Accounting Ratios with Listed Industry Peers as of March 31, 2018:

Not applicable, as there are no comparable peer companies similar to our line of business and comparable to our scale of operations.

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

The Offer Price of ₹ [●] has been determined by our Company and the Selling Shareholders in consultation with the Book Running Lead Managers, on the basis of assessment of market demand from investors for Equity Shares through the Book Building Process and, is justified in view of the above qualitative and quantitative parameters. Investors should read the above mentioned information along with "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Statements*" beginning on pages 13, 112 and 321 respectively, to have a more informed view. The trading price of the Equity Shares could decline due to factors mentioned in "*Risk Factors*" beginning on page 13 and you may lose all or part of your investments.

STATEMENT OF TAX BENEFITS

To

Board of Directors
Harsha Engineers Limited
Changodar, Sarkhej-Bavla Road,
P.O. Changodar,
Ahmedabad - 382213

(hereinafter referred to as the "**Company**")

Axis Capital Limited
1st floor, Axis House
C-2 Wadia International Centre
P.B. Marg
Worli, Mumbai- 400025

Edelweiss Financial Services Limited
14th Floor, Edelweiss House
Off C.S.T. Road
Kalina, Mumbai - 400 098

Collectively, the "book running lead managers" or "BRLMs", in relation to the Offer.

Re: Proposed initial public offering of equity shares of ₹ 10 each ("Equity Shares" and such offer, the "Offer") of Harsha Engineers Limited (the "Company").

Dear Sirs,

We, M/s. Pankaj R. Shah & Associates, the statutory auditors of the Company, hereby report the possible special tax benefits available to the Company and the shareholders of the Company, under the Income Tax Act, 1961, as amended (the "**IT Act**"), and to the shareholders of the Company under the IT Act, presently in force in India, in the enclosed statement at **Annexure A**.

Several of these stated tax benefits/consequences are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Therefore, the ability of the Company or its shareholders to derive the tax benefits is dependent on fulfilling such conditions.

The benefits discussed in the enclosed annexure are not exhaustive. **Annexure A** is for your information and for inclusion in the draft red herring prospectus, the red herring prospectus and the prospectus "**Offer Documents**), as amended or supplemented thereto or any other written material in connection with the proposed Offer 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 Offer. Neither are we suggesting nor advising the investor to invest money based on this statement.

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.

We also consent to the references to us as "Experts" under section 26 of the Companies Act to the extent of the certification provided hereunder and included in the draft red herring prospectus, red herring prospectus and prospectus of the Company or in any other documents in connection with the Offer.

This certificate has been issued at the request of the Company for use in connection with the Offer and may accordingly be furnished as required to the stock exchanges or any other regulatory authorities as required.

This certificate may be relied upon by the BRLMs and the legal counsels in relation to the Offer. We hereby consent to extracts of, or reference to, this certificate being used in the draft red herring prospectus, red herring prospectus and the prospectus and other offering materials, as required ("**Offer Documents"**), in connection with the Offer.

We confirm that any changes to the above shall immediately be intimated to the BRLMs and the legal counsels, in writing, till the date the Equity Shares of the Company commence trading on the stock exchanges. In the absence of any communication from us, you may assume that there is no change in respect of the matters covered in this certificate.

We hereby consent to this certificate being disclosed by the BRLMs, if required (i) by reason of any law, regulation or order of a court or by any governmental or competent regulatory authority, or (ii) in seeking to establish a defence in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

We hereby consent to the aforementioned details being included in the Offer Documents and submission of this certificate as may be necessary, to any regulatory authority and/or for the records to be maintained by the BRLMs in connection with the Offer and in accordance with applicable law.

All capitalized terms not defined hereinabove shall have the same meaning as defined in the Offer Documents.

Sincerely,

For M/s. Pankaj R. Shah & Associates
Chartered Accountants
Statutory Auditors
Firm Registration No: 107361W

CA Nilesh Shah
Designated Partner
Membership No. 107414
Place: Ahmedabad
Date: August 10, 2018
Encl: As Above

Annexure A

ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

Outlined below are the possible special tax benefits available to the Company and its Shareholders under the Income-tax Act, 1961 and Income-tax Rules, 1962 (together ―tax laws) in force in India.

I. Special tax benefits available to the Company

Deduction under section 80IA:

Harsha Engineers Limited has setup solar power project in the state of Gujarat. In accordance with and subject to the conditions specified under Section 80-IA of the Act, the Company is eligible for 100 per cent deduction of the profits derived from the generation of power for any ten consecutive financial years out of the 15 financial years beginning from the year in which the undertaking of the Company starts generating the power. The Company started generating power from the FY 2012-13. The Company has started availing deduction from the FY 2014-15 onwards. The Company is entitled to claim depreciation at 40 per cent on written down value of block of asset of the Solar Power Project from the F.Y. 2017-18 onwards.

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

There are no special tax benefits available to the Shareholders of the Company.

Notes:

1. The above Statement 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.

2. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.

3. The above statement of possible tax benefits is as per the current direct tax laws relevant for the assessment year 2019-20. These benefits are dependent on the Company or its shareholder fulfilling the conditions prescribed under the relevant tax laws.

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

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

6. 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.

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

Unless otherwise specified, the information contained in this section is derived from industry data sourced from research reports titled "Metal Stamping Market – Global Insights, Growth Size, Comparative Analysis, Trends and Forecast, 2018 – 2026" and "Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026", both prepared by Research N Reports. Further both the Research Reports were commissioned by the Company. Neither we nor any other person connected with this Offer has verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as at specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based on such information.

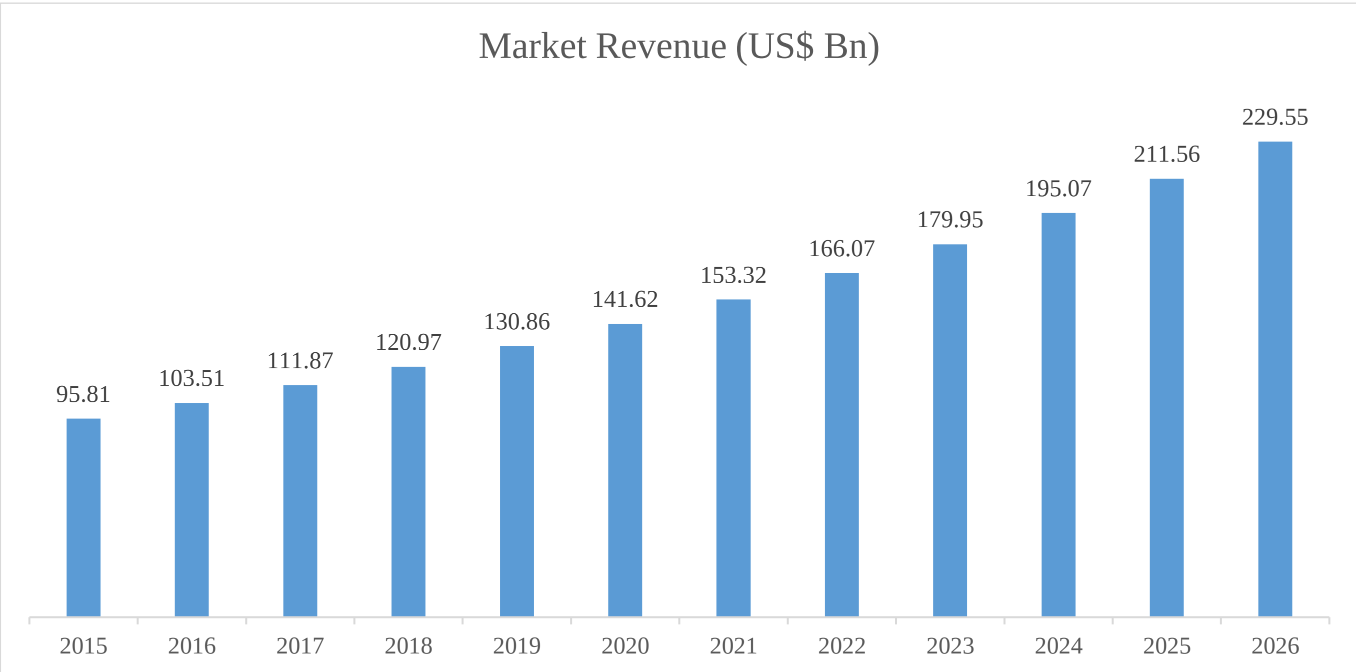
In 2017, the global bearings market was valued at US$ 111.87 billion, in terms of revenue. Bearing cage is a crucial component in the bearing apparatus that separates the balls, maintains the symmetrical radial spacing between the balls and also holds the bearings together. In 2017, the global bearing cages market was valued at US$ 5,862.20 million, in terms of revenue. Bearing cages can be made from varied type of materials including the likes of phenolic resin, polyamide, polyetheretherketone, brass, steel, full complement and others. Among the various material types, brass, steel and polyamide bearing cages represent approximately 63% of the global bearing cages market.

Global Bearings Market

Overview

In terms of revenue, the global bearings market was valued at USD 111.87 billion in the year 2017 and is anticipated to reach USD 229.55 billion by the year 2026, thereby expanding at a CAGR of 8.3% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)* The graphical representation of the market revenue and the forecasts have been set forth:

Market Revenue and forecasts, 2015-2026



The bearings market - by application

By means of application, the bearings market is segmented into automotive, industrial and other industrial applications.

Automotive

Bearings play a significant role in majority of automobiles as they aid in improved car performance and pave the way for smooth driving. Bearings also makes it possible for the automobile to adjust in the event it runs through varying terrains, like smooth asphalt streets and rough roads.

In terms of revenue, global automotive bearings market was valued at USD 61.13 billion in 2017 and is anticipated to reach USD 126.94 billion by 2026, expanding at a CAGR of 8.5% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)*

Industrial

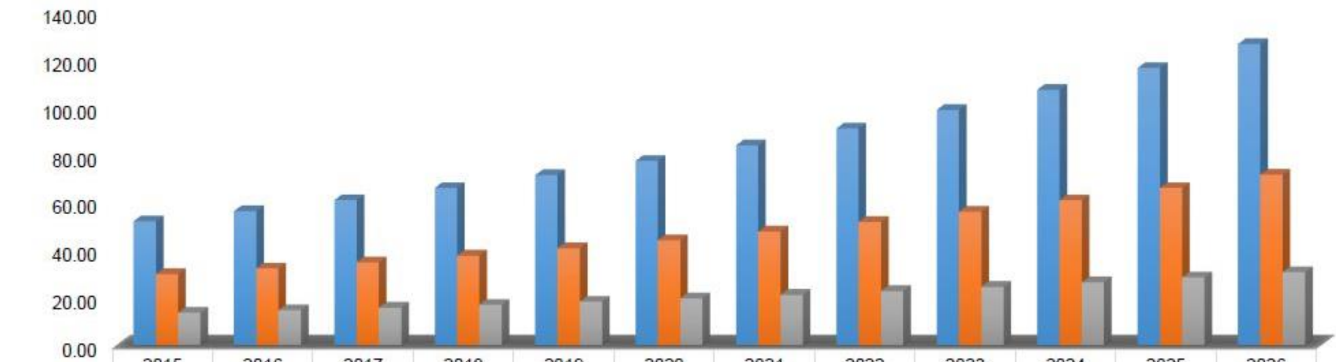
Bearings have wide industrial application in electrical, agriculture, mining, construction, railway and aerospace industries. Agricultural machinery requires better seals for contaminated conditions, provisions for misalignment, and economical mountings for shafts and housings. Bearings are used in equipment, such as transmission, engine, wheel hubs, disc harrows, etc. Bearings are also used in electrical appliances such as fans, washing machines, water purifiers, water pumps, etc.

Bearings used in steel industry perform under very harsh conditions at very high temperatures and at varying speeds. Bearings are used in applications such as blast furnace, steel melting shop, roll shop, coke oven, sinter plant and power plant. Mining operations play a very important role in extraction and purification of minerals and metals that enhance our daily living by providing resources to build roads, buildings, create electricity etc. The mines are often located in mountainous regions and go upto 1000-3000 m underground. Material handling equipment, earth moving equipment and other heavy machinery used in construction require durable, reliable and low maintenance bearings, which can bear both axial and radial loads produced due to the different terrains in which they operate. The use of bearing enables reduction in downtime of the equipment/machine and help increase productivity. In terms of revenue, global industrial bearings market was valued at USD 34.93 billion in 2017 and is anticipated to reach USD 71.85 billion by 2026, expanding at a CAGR of 8.4% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)*

Other Applications

In terms of revenue, global bearings market used in others applications was valued at USD 15.82 billion in 2017 and is anticipated to reach USD 30.76 billion by 2026, expanding at a CAGR of 7.7% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)*

Set forth is a graphical representation of the global bearings market revenue and forecasts, by application in USD billion:



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Automotive	52.21	56.49	61.13	66.19	71.70	77.69	84.23	91.35	99.12	107.59	116.84	126.94
Industrial	29.89	32.30	34.93	37.78	40.88	44.25	47.92	51.92	56.27	61.02	66.20	71.85
Others	13.70	14.72	15.82	17.00	18.29	19.67	21.17	22.80	24.56	26.46	28.52	30.76

<u>*The bearings market – by region*</u>

Europe: The automotive industry in Europe particularly in Germany, accounted for 19% of the total global automotive production. 21 of the world's top 100 automotive suppliers are German companies. Germany is the European automobile leader and this has led to the growth of bearings market in Europe. Bearings are used to a large extent in the production of automobiles which has facilitated the growth of bearings market in the region.

South America: Large scale mining activities in Latin America has propelled the growth of bearings market in this region. Mining requires equipment for continuous operation 24x7 and bearings facilitate the smooth functioning of these heavy duty equipment.

Asia Pacific: Asia Pacific market is accounted for the largest demand for bearings. China accounted for nearly half of global demand for bearings. Market advances in China is supported by above average GDP growth, increased fixed investments expenditure, improving manufacturing output, and healthy automotive sales.

In terms of revenue, Asia Pacific region held the largest market share and was valued at USD 30.18 billion in 2017 and is also anticipated to show the highest CAGR.

Region wise market revenue

North America

In terms of revenue, North American bearings market was valued at USD 34.87 billion in 2017 and is anticipated to reach USD 70.24 billion by 2026, expanding at a CAGR of 8.1% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)*

Europe

In terms of revenue, European bearings market was valued at USD 25.83 billion in 2017 and is anticipated to reach USD 53.94 billion by 2026, expanding at a CAGR of 8.5% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)*

Asia Pacific

In terms of revenue, Asia Pacific bearings market was valued at USD 30.18 billion in 2017 and is anticipated to reach USD 63.81 billion by 2026, expanding at a CAGR of 8.7% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)*

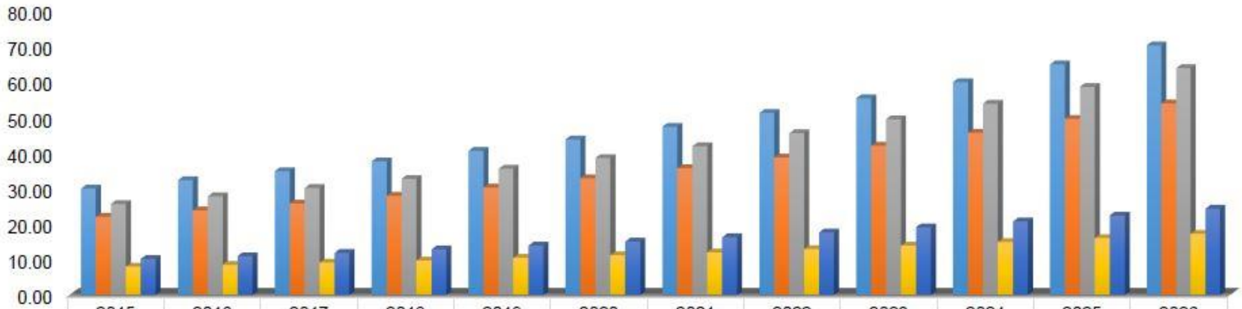
Middle East and Africa

In terms of revenue, Middle East and Africa bearings market was valued at USD 9.12 billion in 2017 and is anticipated to reach USD 17.22 billion by 2026, expanding at a CAGR of 7.3% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)*

Latin America

In terms of revenue, the Latin American bearings market was valued at USD 11.87 billion in 2017 and is anticipated to reach USD 24.33 billion by 2026, expanding at a CAGR of 8.3% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)*

Set forth is a graphical representation of the global bearings market revenue and forecasts, by region in USD billion:



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
North America	29.99	32.33	34.87	37.63	40.62	43.87	47.40	51.24	55.40	59.94	64.87	70.24
Europe	22.04	23.85	25.83	27.99	30.33	32.89	35.68	38.72	42.04	45.66	49.62	53.94
Asia Pacific	25.68	27.83	30.18	32.75	35.54	38.59	41.92	45.56	49.53	53.87	58.62	63.81
MEA	7.95	8.51	9.12	9.77	10.47	11.22	12.04	12.92	13.87	14.90	16.01	17.22
Latin America	10.16	10.98	11.87	12.84	13.89	15.04	16.28	17.63	19.10	20.70	22.44	24.33

Growth drivers for the bearings industry

Growing demand for OEM applications

Demand for bearings in OEM applications is boosting the industry as, bearings are necessary in nearly all motion applications, pursuant to which all industries using machinery or related to motor-driven linkages are utilising bearings. Therefore, the demand for OEM applications is driving the demand for bearing cages market. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)*

Increasing demand from automotive industry

The increase in the global production of motor vehicles is substantially raising the demand for automotive cage bearings. Anti-lock braking systems and electronic stability control are both regulated with the assistance of the wheel speed and vibration data collected by instrumented bearings.

Deep groove ball bearing is also used for EV and HEV motors as its specially designed cage pockets scrape off excess grease and prevent the influx of excess grease onto the rolling contact surface, reducing stirring resistance. In the future, oil-cooling systems will be used to cool EV motors in order to make them more compact by enabling super-high-speed rotation. As a result, motor shaft support bearings would be oil lubricated, so the companies develop this bearing to meet the needs. Henceforth with these predictions and planning increases the demand for bearing cages in automotive industry. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)*

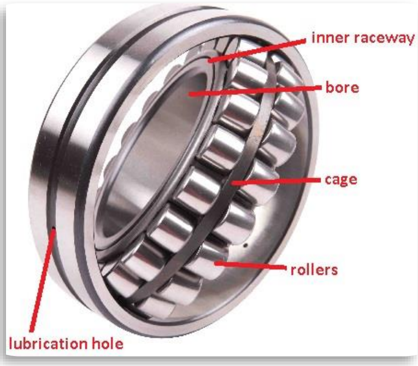
Global Bearing Cages Market

Product description

The bearing cage also referred to as bearing retainer is a component in the bearing apparatus that separates the balls, maintains the symmetrical radial spacing between the balls and holds the bearings together too in most cases.

The cage can also act as a reservoir for oils, supply a solid film via the cage material or a coating on the cage itself and utilized for providing lubrication. The selection of appropriate cage design as per the application is crucial for achieving the desired life and performance of the bearing apparatus. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)*

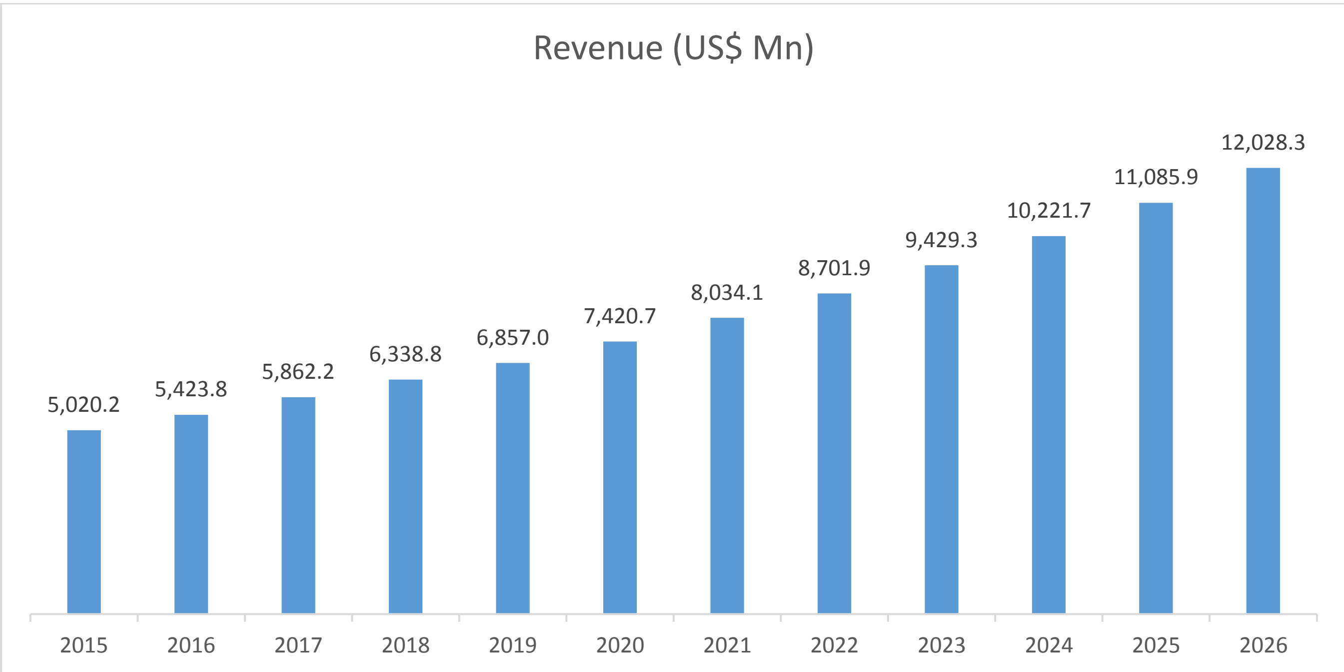
Bearing cage is an important component in ball bearings and are mechanically stressed during operations by centrifugal forces, inertial forces and frictional impact. The most sophisticated bearings for the most demanding applications are very precise devices; their manufacture requires some of the highest standards of current technology. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)* Set forth is an illustration of a bearing showing its three key components, i.e. inner raceway, cage and rollers:



Market Revenue Analysis

In terms of revenue, the global bearing cages market was valued at USD 5,862.2 million in 2017 and is anticipated to reach USD 12,028.30 million by 2026, expanding at a CAGR of 8.3% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026).* The graphical representation of the market revenue and the forecasts have been set forth:

Market Revenue and Forecasts, 2015-2026

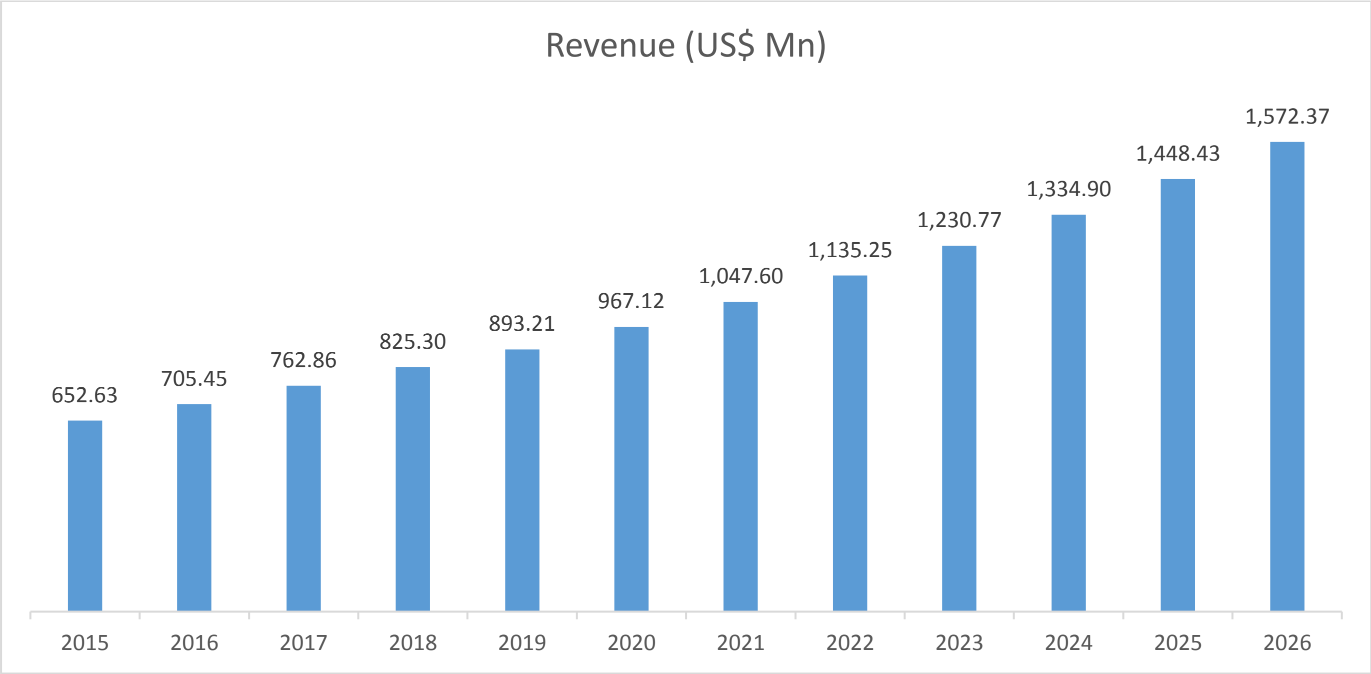


Global bearing cages market, by material type (Steel, Brass and Polyamide)

Polyamide 66

Polyamide 66 is characterized by a favourable combination of strength and elasticity. Due to its excellent sliding properties on lubricated steel surfaces and the superior finish of the contact surfaces, Polyamide 66 cages reduce friction, frictional heat and wear. Polyamide 66 can be used at operating temperatures upto 120°C (250°F). In terms of revenue, polyamide 66 global bearing cages market was valued at USD 762.86 million in 2017 and is anticipated to reach USD 1,572.37 million by 2026, expanding at a CAGR of 8.4% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026).* The graphical representation of the market revenue and the forecasts have been set forth:

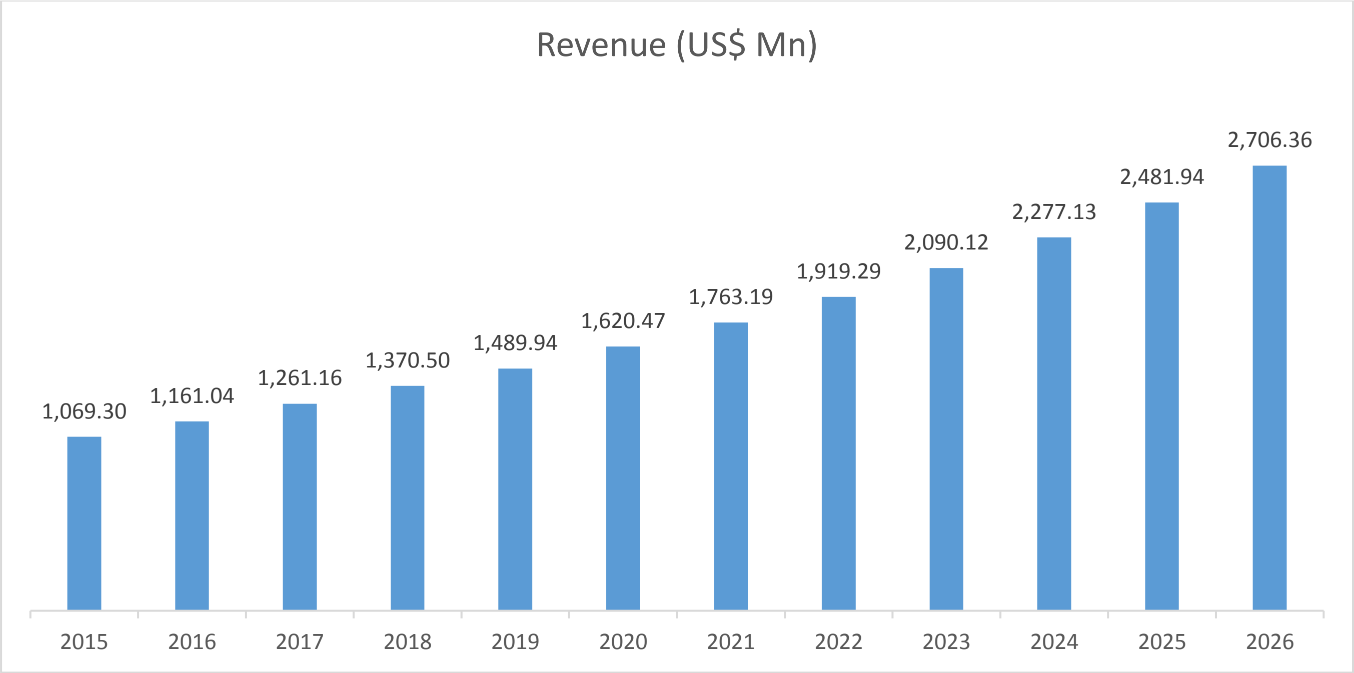
Market Revenue and Forecasts, 2015-2026



Brass

Brass is unaffected by most common bearing lubricants, including synthetic oils and greases, and can be cleaned using normal organic solvents. Brass cages can be used at operating temperatures upto 250°C (480°F). In terms of revenue, brass global bearing cages market was valued at USD 1,261.16 million in 2017 and is anticipated to reach USD 2,706.36 million by 2026, expanding at a CAGR of 8.9% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026).* The graphical representation of the market revenue and the forecasts have been set forth:

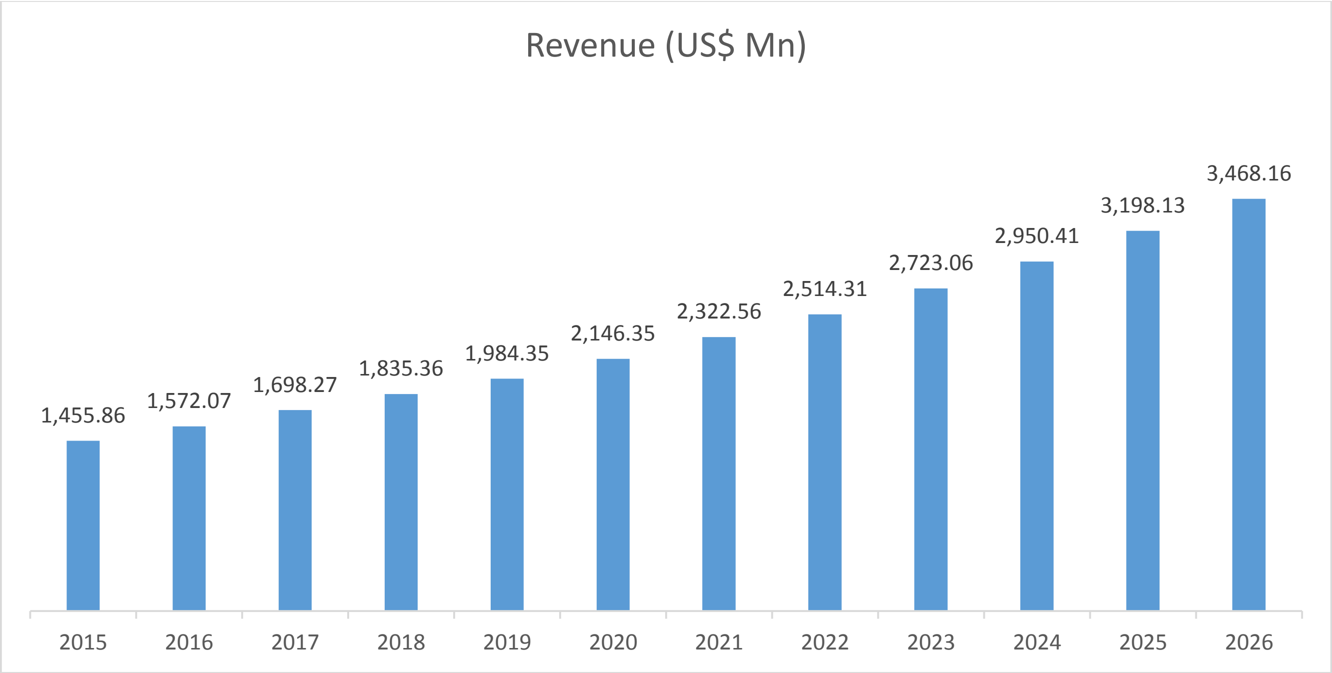
Market Revenue and Forecasts, 2015-2026



Steel

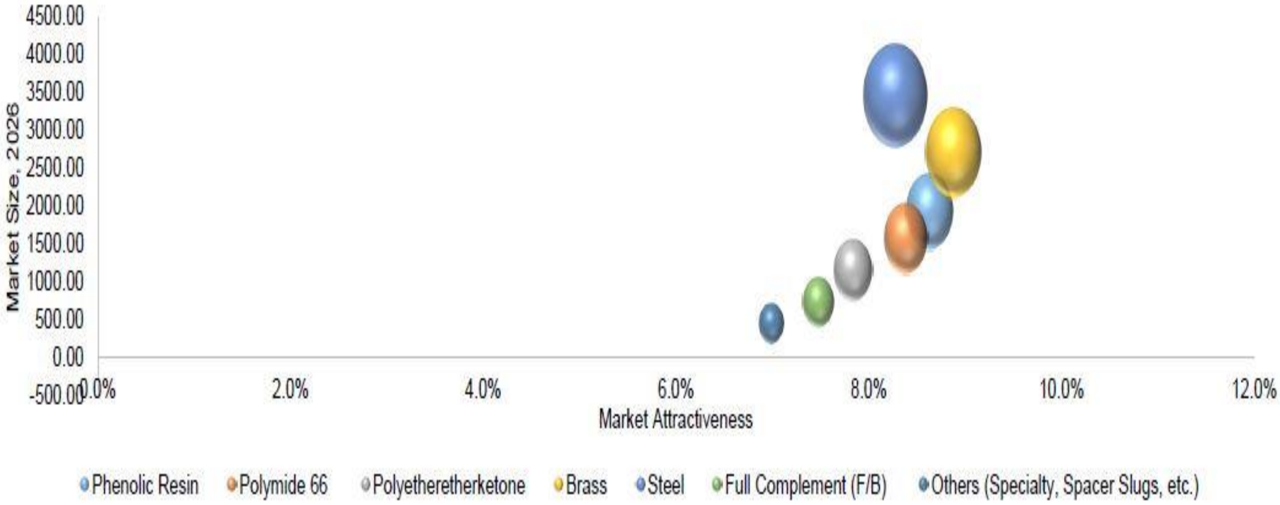
In terms of revenue, steel global bearing cages market was valued at USD 1,698.27 million in 2017 and is anticipated to reach USD 3,468.16 million by 2026, expanding at a CAGR of 8.3% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)* The graphical representation of the market revenue and the forecasts have been set forth:

Market Revenue and forecasts, 2015-2026

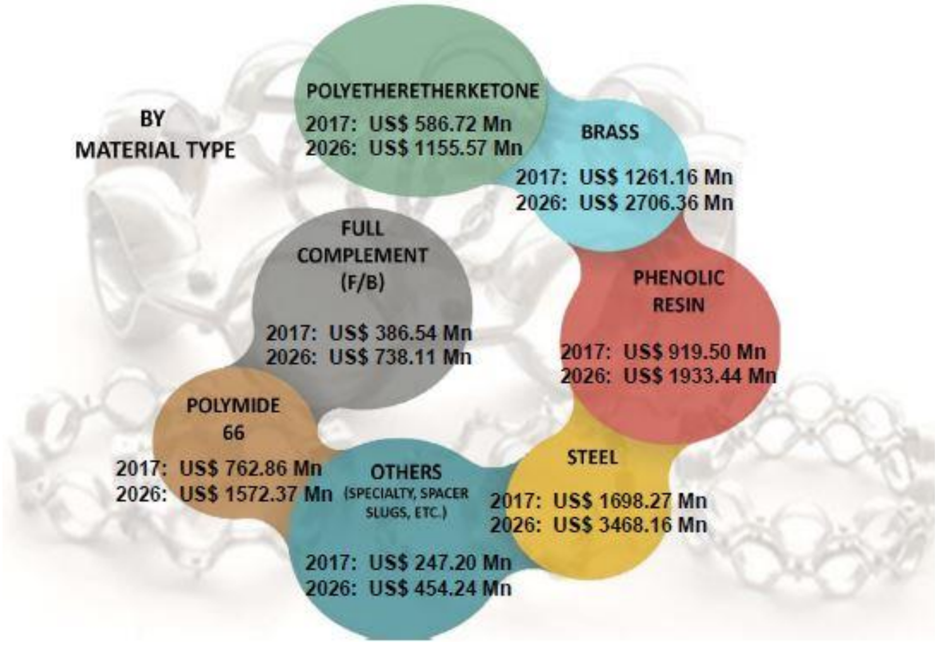


Market size, by material type

A graphical representation of the market size of the bearing cages market, by application has been set forth:



Brass is expected to represent the most attractive material type in bearing cages market during the forecast period. However, steel represents largest market at present. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)*



Global bearing cages market, by application

Automotive industry

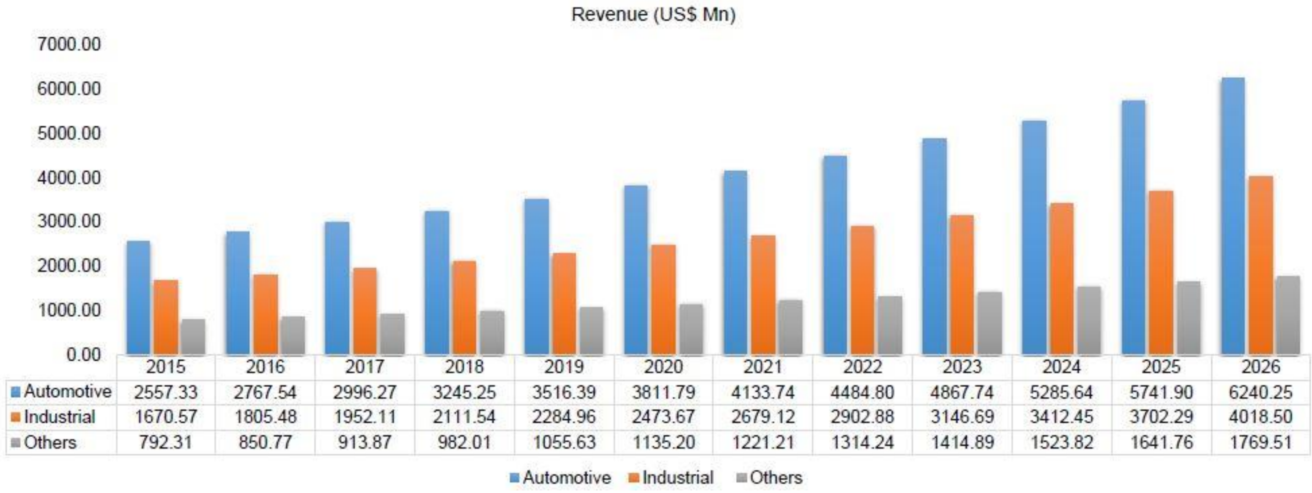
Bearing cages are essential in automotive applications and are one of the most common bearings used in the automotive industry that allow for a decrease in friction rotating between two surfaces, likely a vehicle and the pavement. Automotive transmission bearings use a system of lubricated gears, parts that mesh together to quickly alter the gearing ratio of the vehicle. The demand for vehicles with technologically advanced solutions is increasing, thereby, resulting in a rise in vehicle manufacturing that requires instrumented products. In terms of revenue, global bearing cages market, by automotive was valued at USD 2,996.27 million in 2017 and is anticipated to reach USD 6,240.25 million by 2026, expanding at a CAGR of 8.5% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)*

Industrial (electrical, agriculture, mining and construction, railway and aerospace, etc.)

Bearing cages are widely used in agricultural equipment's, electric pumps, motors, railway and aerospace segment. The demand for bearing cages are growing owing to the ascribed rise in the number of commuters using public transportation. The availability of improved ways to assist worldwide and local transportation systems also offers opportunities for market growth. Further, the demand in the railway segment is increasing on account of accelerated railway construction in the developing countries. In terms of revenue, global industrial bearing cages market was valued at USD 1,952.11 million in 2017 and is anticipated to reach USD 4,018.50 million by 2026, expanding at a CAGR of 8.4% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)*

Others (automotive aftermarket)

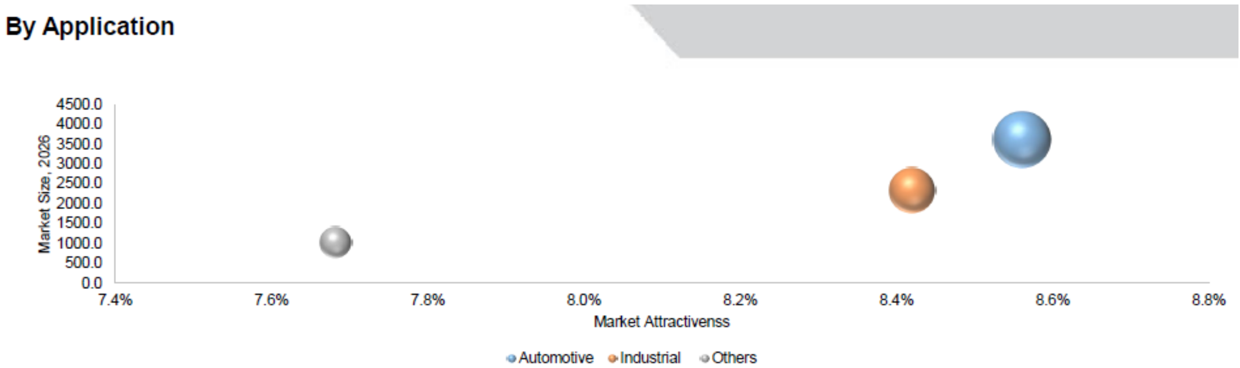
In terms of revenue, global bearing cages market, in other applications was valued at USD 913.87 million in 2017 and is anticipated to reach USD 1,769.51 million by 2026, expanding at a CAGR of 7.6% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026).* Set forth is a graphical representation of the global bearing cages market revenue and forecasts, by application:



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Automotive	2557.33	2767.54	2996.27	3245.25	3516.39	3811.79	4133.74	4484.80	4867.74	5285.64	5741.90	6240.25
Industrial	1670.57	1805.48	1952.11	2111.54	2284.96	2473.67	2679.12	2902.88	3146.69	3412.45	3702.29	4018.50
Others	792.31	850.77	913.87	982.01	1055.63	1135.20	1221.21	1314.24	1414.89	1523.82	1641.76	1769.51

Market size, by application

A graphical representation of the market size of the bearing cages market, by material type has been set forth:



Automotive is expected to represent the most attractive application of bearing cages market during the forecast period. Moreover, it also represents largest market at present.

Global bearing cages market, by end user segment

The global bearings market is divided into mainly two categories, the organized sector and the unorganized sector. The organized sector is the one that incorporates with the appropriate authority or government and follow its rules and regulations, whereas, the unorganized sector is the one which is not incorporated with the government and thus, no rules are required to be followed.

In terms of the bearings market the production techniques used in both the sectors is different and with the advancement in technologies the organised sector mainly uses advanced technologies for production. Whereas on the other hand unorganised sector or small scale industries are still sticking to old methods of production. The organised bearing sector supplies mainly to the original equipment manufacturers' (OEM) segment. This segment comprises of automotive, electrical, agriculture, mining and construction, railway and aerospace. While the unorganised bearing sector furnishes to the replacement market and aftermarket. It also meets the demand of very low-end market.

Organised segment

The organized end use segment is currently dominating the market due to involvement of big players as well as high investments. The companies also consists of strong global sales network and supply chain management.

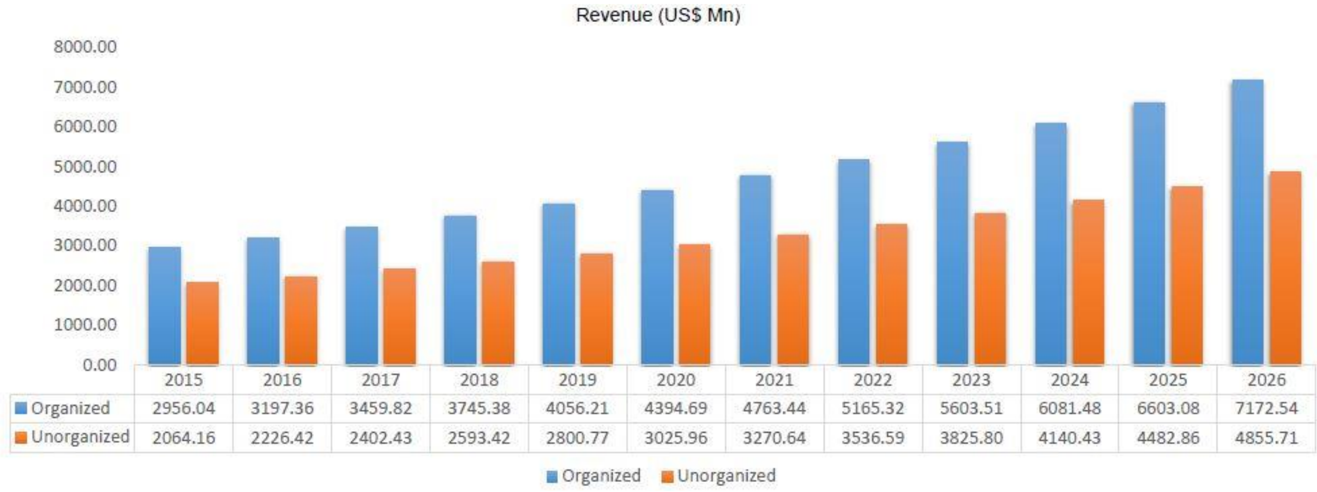
In terms of revenue, the organised segment of global bearing cages market, was valued at USD 3,459.82 million in 2017 and is anticipated to reach USD 7,172.54 million by 2026, expanding at a CAGR of 8.5% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)*

Unorganised segment

The unorganized end use segment is small compared to organised end use segment. As it mainly consists of local players with no expansion in other cities. However, in some countries like India the unorganized bearing is more dominating comparatively.

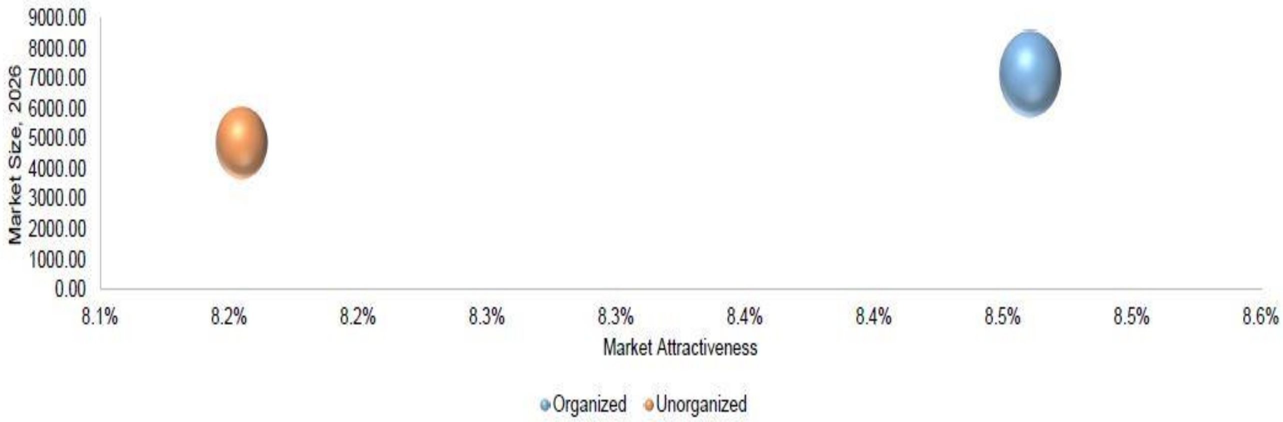
In terms of revenue, the unorganised segment of global bearing cages market, was valued at USD 2,402.43 million in 2017 and is anticipated to reach USD 4,855.71 million by 2026, expanding at a CAGR of 8.2% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)*

Set forth is a graphical representation of the global bearings market revenue and forecasts, by end user:



Market size, by end user segment

A graphical representation of the market size of the bearing cages market, by end user segment has been set forth:



Organized end user segment is expected to represent the most attractive bearing cages market during the forecast period. Moreover, it also represents largest market at present. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)*

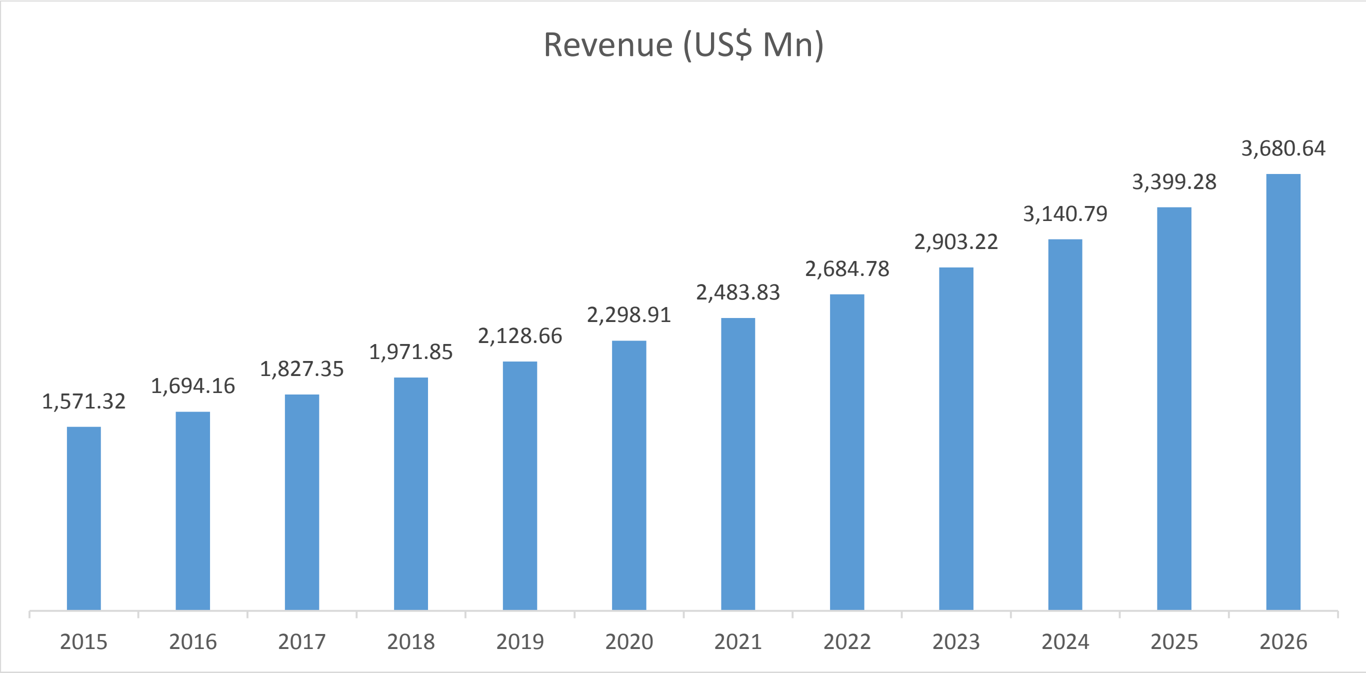
Global bearing cages market size, by region

North America bearing cages market

In terms of revenue, North American bearing cages market stood at USD 1,827.35 million in 2017 and is anticipated to reach USD 3,680.64 million by 2026, expanding at a CAGR of 8.1% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)*

The graphical representation of the market revenue and the forecasts have been set forth:

Market Revenue and Forecasts, 2015-2026



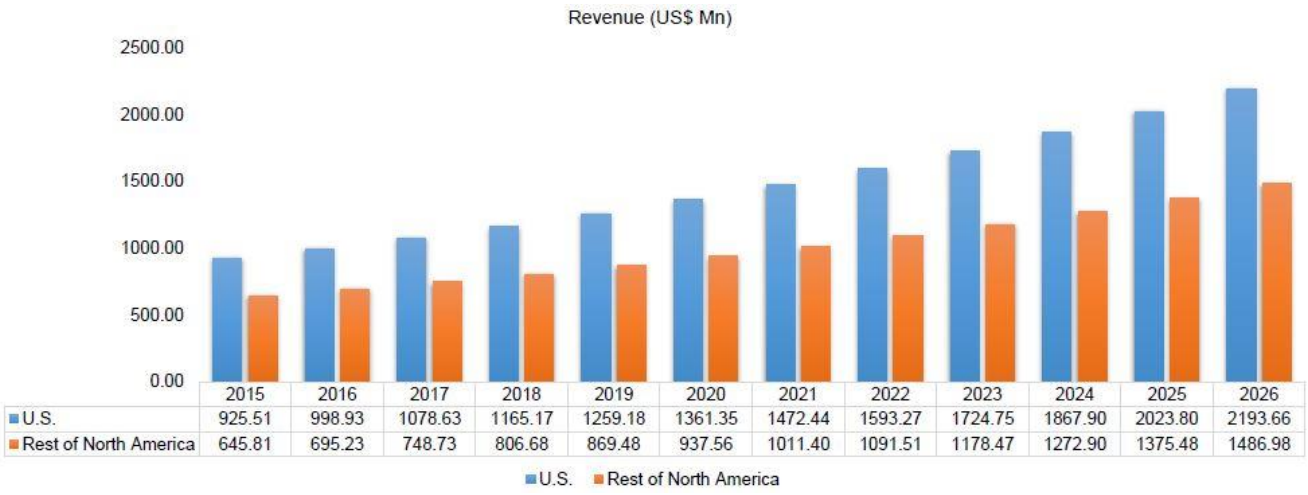
The North American bearing cages market can be further segregated in two markets, namely U.S. bearing cages market and the rest of North American bearing cages market.

U.S. bearing cages market

In terms of revenue, U.S. bearing cages market stood at USD 1,078.63 million in 2017 and is anticipated to reach USD 2,193.66 million by 2026, expanding at a CAGR of 8.2% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)*

Rest of North America bearing cages market

In terms of revenue, rest of North America bearing cages market stood at USD 748.73 million in 2017 and is anticipated to reach USD 1,486.98 million by 2026, expanding at a CAGR of 7.9% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026).* The graphical representation of the market revenue and the forecasts for the U.S. bearing cages and the rest of North America bearing cages markets have been set forth:

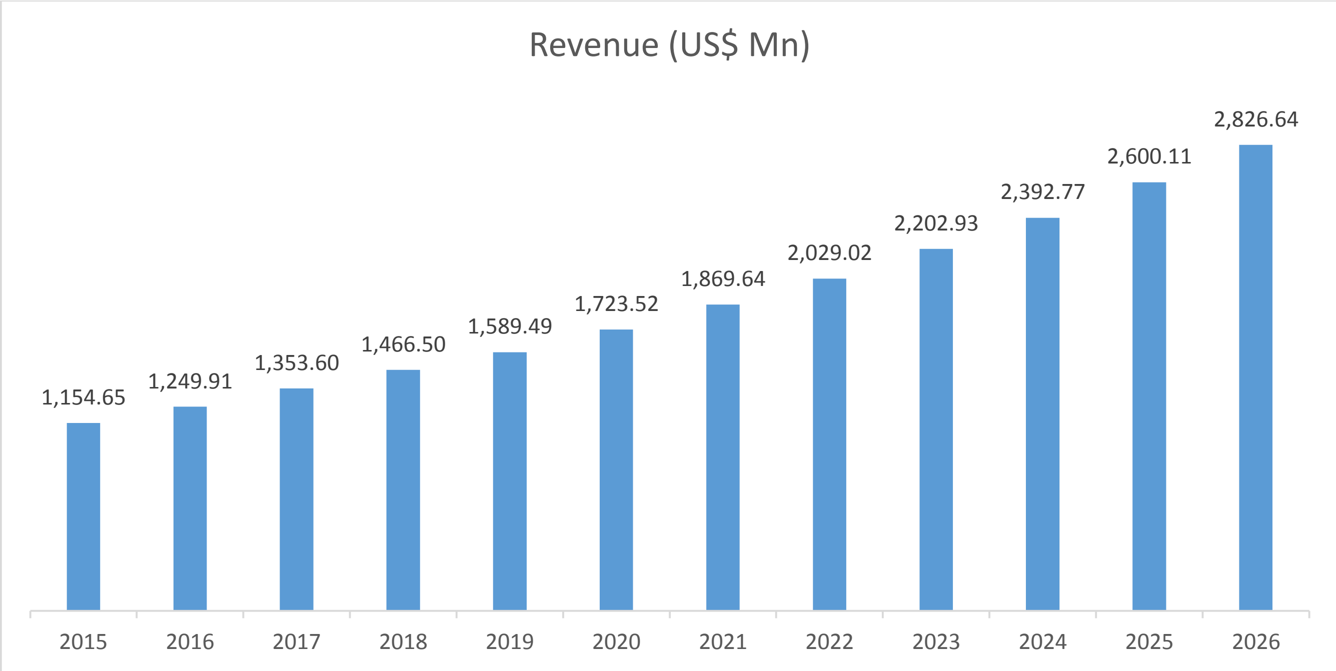


Europe bearing cages market

In terms of revenue, the Europe bearing cages market stood at USD 1,353.60 million in 2017 and is anticipated to reach USD 2,826.64 million by 2026, expanding at a CAGR of 8.5% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026).*

The graphical representation of the market revenue and the forecasts have been set forth:

Market Revenue and Forecasts, 2015-2026

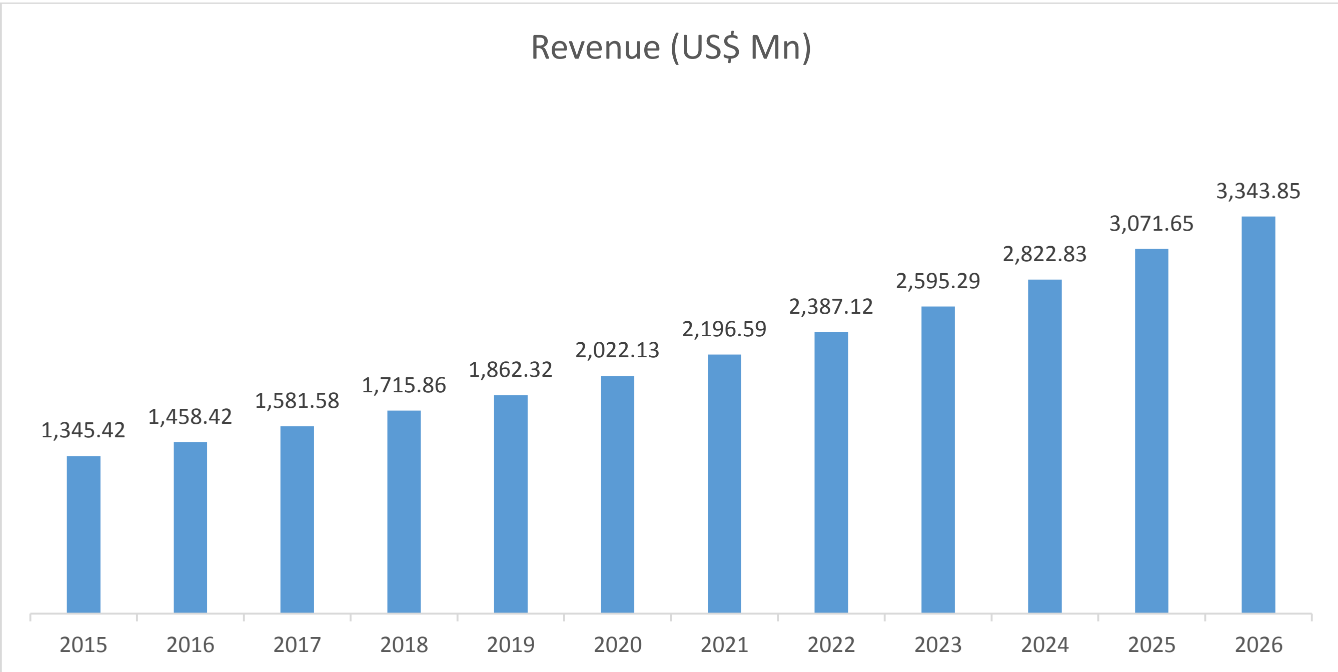


Asia Pacific bearing cages market

In terms of revenue, the Asia Pacific bearing cages market stood at USD 1,581.58 million in 2017 and is anticipated to reach USD 3,343.85 million by 2026, expanding at a CAGR of 8.7% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)*

The graphical representation of the market revenue and the forecasts have been set forth:

Market Revenue and Forecasts, 2015-2026



Amongst the Asia Pacific bearing cages market, the market revenue analysis of India, China and Japan, has been set forth:

India

In terms of revenue, the Indian bearing cages market stood at USD 287.50 million in 2017 and is anticipated to reach USD 635.33 million by 2026, expanding at a CAGR of 9.2% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026).*

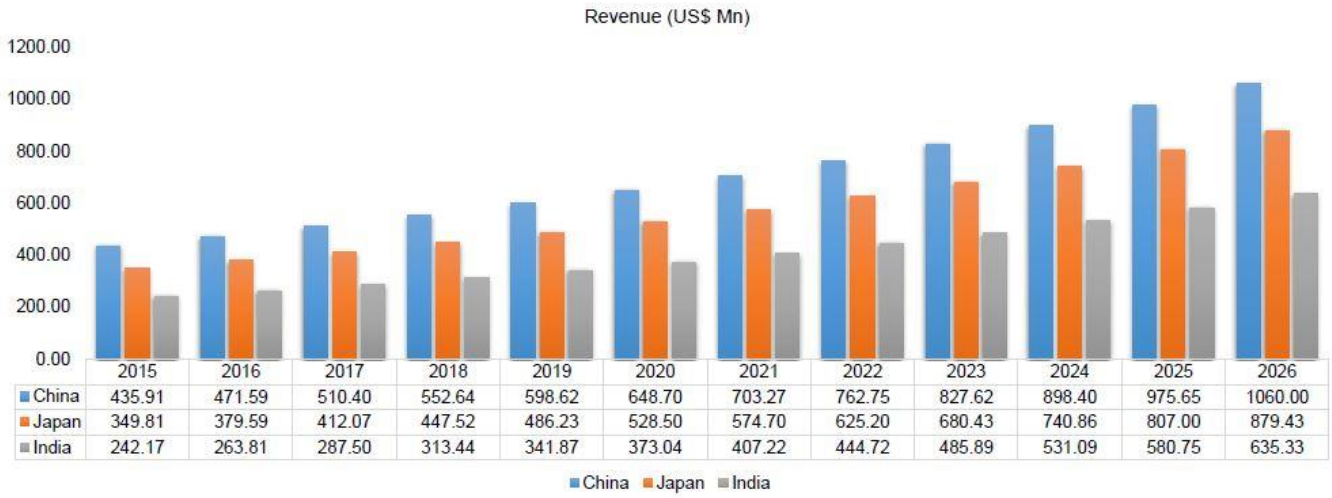
China

In terms of revenue, the China bearing cages market stood at USD 510.40 million in 2017 and is anticipated to reach USD 1,060.00 million by 2026, expanding at a CAGR of 8.50% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)*

Japan

In terms of revenue, the Japan bearing cages market stood at USD 412.07 million in 2017 and is anticipated to reach USD 879.43 million by 2026, expanding at a CAGR of 8.80% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026).*

The graphical representation of the market revenue and the forecasts for the Indian, Chinese and Japanese bearing cages markets have been set forth:



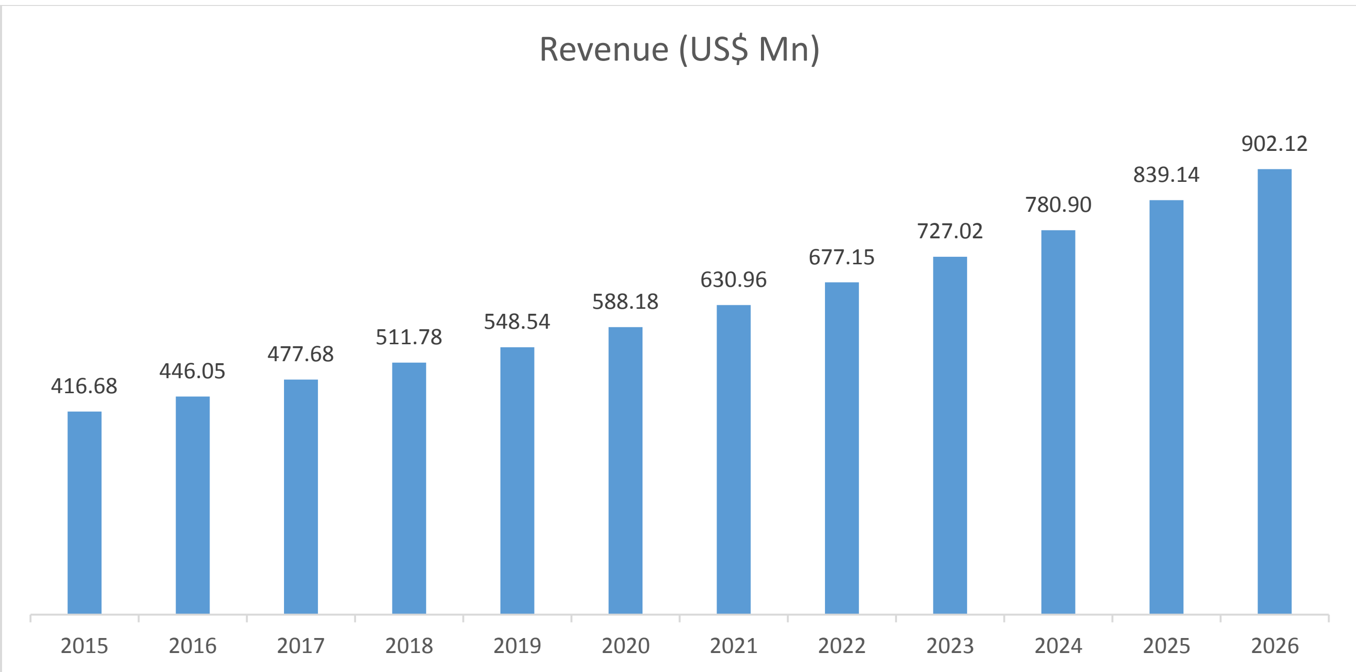
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
China	435.91	471.59	510.40	552.64	598.62	648.70	703.27	762.75	827.62	898.40	975.65	1060.00
Japan	349.81	379.59	412.07	447.52	486.23	528.50	574.70	625.20	680.43	740.86	807.00	879.43
India	242.17	263.81	287.50	313.44	341.87	373.04	407.22	444.72	485.89	531.09	580.75	635.33

Middle East and Africa

In terms of revenue, the Middle East and Africa bearing cages market stood at USD 477.68 million in 2017 and is anticipated to reach USD 902.12 million by 2026, expanding at a CAGR of 7.3% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)*

The graphical representation of the market revenue and the forecasts have been set forth:

Market Revenue and Forecasts, 2015-2026

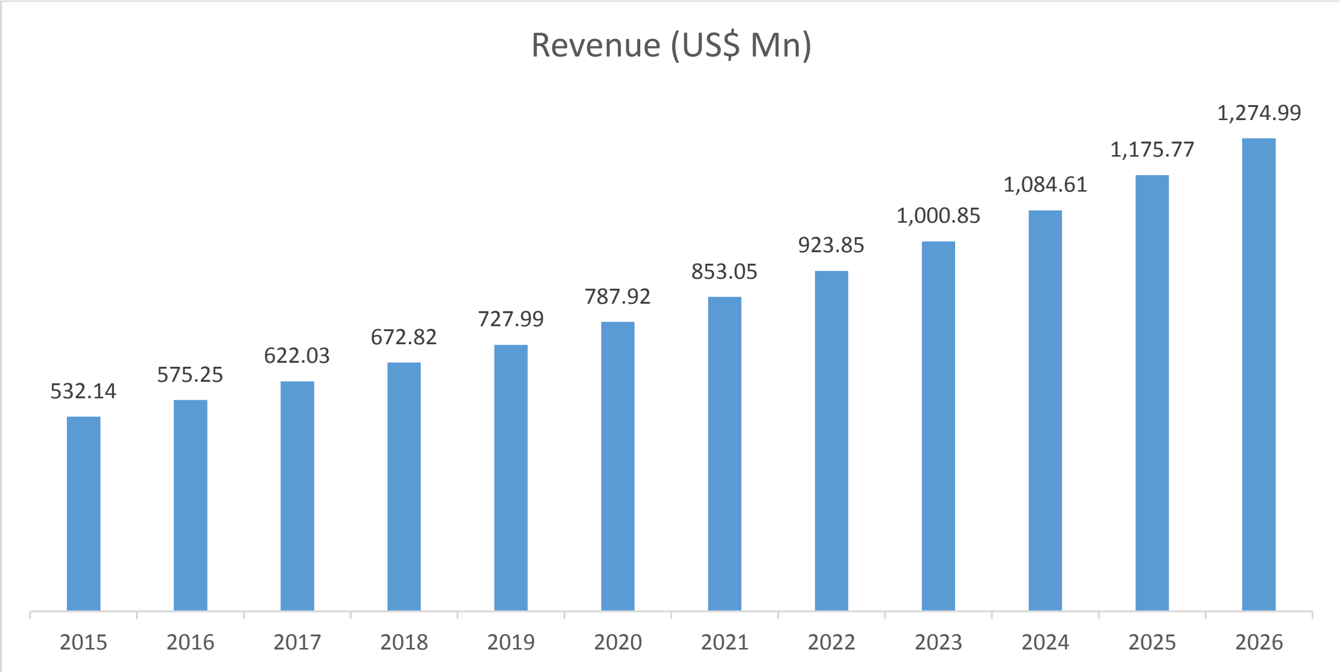


Latin America

In terms of revenue, the Latin American bearing cages market stood at USD 622.03 million in 2017 and is anticipated to reach USD 1,274.99 million by 2026, expanding at a CAGR of 8.3% from 2018 to 2026. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)*

The graphical representation of the market revenue and the forecasts have been set forth:

Market Revenue and Forecasts, 2015-2026



Comparative study on value share of bearings cages outsourced and manufactured in-house

A comparative study on value share of bearings cages outsourced and manufactured in-house for regions, North America, Europe, Asia Pacific, Latin America and Middle East and Africa, have been set forth.

North America

Country	Outsource share (%)	In-house share (%)
United States	54.6	45.4
Rest of North America	48.2	51.8

Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026

The bearing manufacturers in the United States outsource approximately 54.6% share of bearing cages compared to 45.4% in-house share. It indicates that, approximately 45.4% of bearing cages out of total production in the U.S. is manufactured in-house by small and large bearing manufacturers.

Europe

Country	Outsource share (%)	In-house share (%)
Spain	49.4	50.6
UK	48.3	51.7
Italy	51.7	48.3
Germany	55.4	44.6
France	58.2	41.8
Rest of Europe	53.2	46.8

Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026

The bearing manufacturers in the Spain outsource approximately 49.4% share of bearing cages compared to 50.6% in-house share. It indicates that, approximately 50.6% of bearing cages out of total production in the Spain is manufactured in-house by small and large bearing manufacturers.

Asia Pacific

Country	Outsource share (%)	In-house share (%)
China	24.2	75.8

Country	Outsource share (%)	In-house share (%)
India	77.4	22.6
Japan	82.8	17.2
South East Asia	59.6	40.4
Rest of Asia Pacific	62.4	37.6

Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026

The bearing manufacturers in the China outsource approximately 24.2% share of bearing cages compared to 75.8% in-house share. It indicates that, approximately 75.8% of bearing cages out of total production in the China is manufactured in-house by small and large bearing manufacturers.

Latin America

Country	Outsource share (%)	In-house share (%)
Brazil	55.2	44.8
Rest of Latin America	57.6	42.4

Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026

The bearing manufacturers in the Brazil outsource approximately 55.2% share of bearing cages compared to 44.8% in-house share. It indicates that, approximately 44.8% of bearing cages out of total production in the Brazil is manufactured in-house by small and large bearing manufacturers.

Middle East and America

Country	Outsource share (%)	In-house share (%)
GCC Countries	61.5	38.5
Southern Africa	58.4	41.6
Rest of MEA	52.3	47.7

Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026

The bearing manufacturers in the GCC countries outsource approximately 61.5% share of bearing cages compared to 38.5% in-house share. It indicates that, approximately 38.5% of bearing cages out of total production in the GCC countries is manufactured in-house by small and large bearing manufacturers.

Metal Stamping Market

Factors Affecting Metal Stamping Market:

<u>Driving Factors</u>

1) *The continuously expanding consumer electronics and automotive industry:*

   The rising investments in automotive metal stamping manufacturing companies and the increasing use of sheet metal in consumer electronics which needs metal stamping across the globe are driving the growth of global metal stamping market.

2) *Excess supply and deteriorating prices of metals:*

   Metals such as steel has been in supply in plenty in recent past which led to decrease in their prices in the global market thus fuelling the applications related to corrosion resistive light weight metals which in turn is projected to complement the growth of metal stamping industry.

<u>Restraining Factors</u>

1) *Availability of plastic and composite materials as substitutes in abundance:*

   The humongous rise in the production, availability and applications related to plastics and composite materials in day today activities majorly in electrical and electronics, consumer electronics, and automotive industries are projected to hamper the growth of global metal stamping market.

Metal stamping market – by product type

Job Stamping segment had leading share and accounted for 57.05% in the year 2017. It generated revenue worth USD 99.12 billion in 2017 which are expected to reach USD143.09 billion by 2026 at a CAGR of 4.20% from 2018 to 2026.

The vehicle stamping segment is expected to register highest CAGR of 4.60% in the global market from 2018 to 2026. Based on product type, the metal stamping market is segmented into vehicle stamping and job stamping.

The stamping process plays a vital role inefficient production of automotive body parts, vehicle's body design, and other body panels which affects overall safety, performance, and weight. Apart from this, the numerous process involved in automotive stamping includes blanking, drawing, pressing and forming among others. (*Source*: *Metal Stamping Market – Global Insights, Growth Size, Comparative Analysis, Trends and Forecast, 2018 – 2026)*

A tabular presentation of the forecast of the global metal stamping market – by product type, for the years 2016 to 2026 has been set forth:

(USD Billion, excluding percentage)

Product Type	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**CAGR (2018-2026)**
Vehicle Stamping	71.93	74.63	77.56	80.74	84.18	87.88	91.81	96.05	100.62	105.52	110.80	4.6%
Job Stamping	95.84	99.12	102.70	106.57	110.77	115.27	120.06	125.21	130.75	136.70	143.09	4.2%
Total	**167.77**	**173.74**	**180.26**	**187.31**	**194.95**	**203.16**	**211.87**	**221.26**	**231.37**	**242.22**	**253.89**	**4.4%**

Metal stamping market - by process type

Blanking segment had leading share and accounted for 27.77% in 2017. It generated revenue worth USD 48.25 billion in 2017 and expected to reach USD 72.32 billion by 2026 at a CAGR of 4.70% from 2018 to 2026. The bending segment is expected to witness highest growth in the coming years registering a CAGR of 5.20% over the forecast period. (*Source*: *Metal Stamping Market – Global Insights, Growth Size, Comparative Analysis, Trends and Forecast, 2018 – 2026)*

The coining segment is expected to register CAGR of 4.80% in the global metal stamping market over the forecast period.

Blanking is the metal fabricating process in which a punch and a die is used to modify webs. Piercing is a similar process to blanking with only difference being the punch out piece is used and is called as blank whereas in piercing the punch out piece is scrap. (*Source*: *Metal Stamping Market – Global Insights, Growth Size, Comparative Analysis, Trends and Forecast, 2018 – 2026)*

A tabular presentation of the forecast of the global metal stamping market – by process type, for the years 2016 to 2026 has been set forth:

(USD Billion, excluding percentage)

Process Type	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**CAGR (2018-2026)**
Bending	36.66	38.26	40.00	41.88	43.91	46.11	48.44	50.96	53.69	56.62	59.78	5.2%
Blanking	46.46	48.25	50.20	52.32	54.60	57.06	59.68	62.50	65.54	68.80	72.32	4.7%
Coining	24.44	25.42	26.48	27.62	28.86	30.20	31.62	33.15	34.80	36.58	38.50	4.8%
Embossing	40.28	41.24	42.30	43.44	44.68	46.01	47.41	48.90	50.51	52.21	54.04	3.1%
Flanging	19.93	20.58	21.29	22.05	22.89	23.78	24.72	25.74	26.83	28.01	29.26	4.1%
Total	**167.77**	**173.74**	**180.26**	**187.31**	**194.95**	**203.16**	**211.87**	**221.26**	**231.37**	**242.22**	**253.89**	**4.4%**

(USD Billion, excluding percentage)

Process Type	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**CAGR (2018-2026)**
Automotive	80.82	83.66	86.74	90.09	93.71	97.60	101.74	106.18	110.98	116.12	121.65	4.3%
Aerospace	20.63	21.19	21.80	22.46	23.18	23.96	24.77	25.64	26.58	27.58	28.65	3.5%
Consumer Electronics	24.24	24.77	25.36	25.99	26.67	27.41	28.17	28.99	29.87	30.80	31.79	2.9%
Telecommunication	18.57	19.28	20.05	20.89	21.80	22.78	23.82	24.94	26.15	27.44	28.84	4.7%
Electrical and Electronics	23.51	24.85	26.30	27.87	29.58	31.41	33.37	35.50	37.79	40.27	42.95	6.3%
Total	**167.77**	**173.74**	**180.26**	**187.31**	**194.95**	**203.16**	**211.87**	**221.26**	**231.37**	**242.22**	**253.89**	**4.4%**

Metal stamping market - by end user

Currently, automotive segment had leading share and accounted for 48.15% in the 2017.It generated revenue worth USD 83.66 billion in 2017 which is expected to reach USD 121.65 billion by 2026 at a CAGR of 4.30% from 2018 to 2026. The electrical and electronics segment is expected to register high CAGR of 6.30% in the global metal stamping market over the forecast period. (*Source*: *Metal Stamping Market – Global Insights, Growth Size, Comparative Analysis, Trends and Forecast, 2018 – 2026)*

The end user segment is categorized into automotive, aerospace, consumer electronics, telecommunications and electrical and electronics. The electrical and electronics segment is expected to reach USD 42.95 billion by 2026.

The consumer electronics, aerospace and electrical and electronics segment are projected to have surge in the forecast period owing to rise in use of electronic appliances, defence manufacturing and small and medium scale enterprises related to electrical and electronics. (*Source*: *Metal Stamping Market – Global Insights, Growth Size, Comparative Analysis, Trends and Forecast, 2018 – 2026)*

Metal stamping market – by region

(USD Billion, excluding percentage)

Region	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	CAGR (2018-2026)
North America	31.99	32.54	33.15	33.81	34.53	35.29	36.08	36.93	37.83	38.78	39.79	2.3%
Europe	38.20	39.51	40.94	42.48	44.16	45.95	47.86	49.92	52.13	54.50	57.05	4.2%
Asia Pacific	91.25	95.25	99.59	104.29	109.39	114.86	120.70	127.00	133.80	141.12	149.01	5.2%
Latin America	4.73	4.76	4.79	4.83	4.87	4.92	4.96	5.00	5.04	5.09	5.13	0.9%
Middle East and Africa	1.59	1.69	1.78	1.89	2.01	2.13	2.27	2.41	2.57	2.74	2.92	6.3%
Total	**167.77**	**173.74**	**180.26**	**187.31**	**194.95**	**203.16**	**211.87**	**221.26**	**231.37**	**242.22**	**253.89**	**4.4%**

OUR BUSINESS

Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" on page 12 for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also read "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 13 and 321 for a discussion of certain factors that may affect our business, financial condition or results of operations. Our fiscal year ends on March 31 of each year, and references to a particular fiscal year are to the twelve months ended March 31 of that year.

We have, in this Draft Red Herring Prospectus, included various operational and financial performance indicators, some of which may not be derived from our Restated Financial Statements and may not have not been subjected to an audit or review by our Statutory Auditor. The manner in which such operational and financial performance indicators are calculated and presented, and the assumptions and estimates used in such calculation, may vary from that used by other infrastructure construction and development companies in India and other jurisdictions. Investors are accordingly cautioned against placing undue reliance on such information in making an investment decision should consult their own advisors and evaluate such information in the context of the Restated Financial Statements and other information relating to our business and operations included in this Draft Red Herring Prospectus.

Overview

We are the largest manufacturer of precision bearing cages in organized sector in India in terms of capacity and operations and amongst the leading manufacturers of precision bearing cages in the world with a market share of approximately 5% to 6% in the organized segment of the global brass, steel and polyamide bearing cages market in terms of revenue. Our company holds more than 50% of the market share in the Indian bearing cages market in the organized segment for brass, steel and polyamide cages. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)* We manufacture bearing cages in brass, steel and polyamide materials with sizes of upto 2,000 mm in diameter for automotive and industrial applications, we also manufacture complex and specialised precision stamped components for automotive and industrial customers.

We are a technology driven company with a strong focus on research and development, which has allowed us to develop products suited to our customers' requirements. We have the expertise to design and develop advance tooling in-house which enables us to manufacture complex products. We have been able to manufacture more than 5,000 products in the automotive and industrial segments, allowing us to meet changing customer requirements. In addition, over the past five years our product development and innovation centre has developed more than 850 products in different bearing divisions.

We believe that we have established strong customer relationship with leading global bearing manufactures in the automotive, railways, renewable energy and other industrial sectors. Additionally, we have been involved by our key customer groups in their product development process and accordingly, we have been able to ensure repeat orders from our customers. Each of our top five customer groups have been our customers for over a decade.

While our principal production facilities are at Changodar and Moraiya, near Ahmedabad in Gujarat in India, we also have production facilities in Changshu and Suzhou in China and Ghimbav Brasov in Romania. We believe that our presence in these low cost locations helps us penetrate global markets more efficiently and effectively and allow access to our customers in over 25 countries across the world. To help us meet 'just in time' requirements of our customers we have entered into arrangements to stock inventory in warehouses spread across more than 15 locations across the world including in, Europe, US, China and South America. Our multinational presence has also allowed us to diversify our revenue geographically.

The combined bearing cages capacity of all our manufacturing units is 1,016.27 million pieces per annum and for semi-finished brass castings is 35,376 million tonnes per annum. Our facilities have end-to-end manufacturing capabilities, strong engineering and design capabilities and the ability to supply to our global customer base.

Our production facilities in India and China have been duly certified for conforming to and applying international standards of quality management systems and we have comprehensive tooling, testing and measurement infrastructure. We believe that we have been successful in diversifying our products portfolio and improve our current processes in different type of bearing cages mainly due to our research and development and technological capabilities. We believe we have been able to leverage our tooling capabilities and the expertise developed in the stamping employed for manufacture of steel cages to diversify and grow our stamping components business.

Our Promoters, Harish Ranjit Rangwala and Rajendra Shantilal Shah, have more than 32 years of experience in the precision engineering and auto-component manufacturing sector. They have been part of our Board since the incorporation of our Company in 1986 and have played a pivotal role in our innovation, success and growth. Additionally, our second generation Promoters, Vishal Rangwala, Pilak Rajendra Shah and Munjal Rangwala, are also involved in the operations and business of our Company.

For Fiscal 2018, our net profit on a consolidated basis, was ₹ 569.68 million. Given our wide presence, our revenue stream is diversified both geographically as well as across customers. For Fiscal 2018, our total revenue from operations was ₹ 7,675.29

million as per our Restated Consolidated Financial Statements, which comprised revenue from domestic sales of ₹ 2,315.85 million and revenue from export sales/sales from overseas Subsidiaries of ₹ 5,359.44 million; in Fiscal 2018, we received 47.88% of our revenue from customers in Europe, 23.62% from our customers in India, 15.87% from our customers in China and 10.68% from our customers in America. In Fiscal 2018, our return on net worth was 22.57% and our return on capital employed was 29.90%, from Fiscal 2016 to Fiscal 2018 we had a compound annual growth rate ("**CAGR**") of 10.42% in terms of total income, as per our Restated Consolidated Financial Statements.

Our Strengths

Our key strengths are as set forth below:

1. ***Diversified product portfolio.***

We have a diversified product portfolio in terms of the materials used as well as the dimensions and end-use of the finished products. We believe that we have been successful in improving our current processes in different type of bearing cages mainly due to our research and development and technological capabilities. We manufacture bearing cages in brass, steel and polyamide which represents approximately 63% of the global bearing cages market. Within our diversified product portfolio, we manufacture cylindrical roller cages, spherical roller cages, deep grove cages, angular contact cages, thrust roller cages and taper roller cages. Since our incorporation, we have manufactured more than 5,000 types of products in the automotive and industrial segments. We have been involved by our customers in the product development process and accordingly we have been able to ensure repeat orders from our customers. We believe that we are insulated to a degree against fluctuation in demand for a specific product because of the wide range of products that we currently offer and our ability to develop new products required by our customers.

2. ***Strong long-term customer relationships.***

We believe that we have established strong relationship with our customers who are leading global bearing manufactures in the automotive and industrial sectors. We supply products to customers in over 25 countries covering five continents i.e. North America, Europe, Asia, South America and Africa. Our deep expertise in area of tooling, automated production facilities, focus on research and development, coupled with technologically advanced, on time delivery and cost competitive manufacturing technology processes has resulted in repeat orders from our key customer groups which are also key global bearing manufacturers who have been our customers for over a decade. In addition, our customer-centric approach and continuous effort on transparent dealings has allowed us to enter into long term framework agreements with leading key global bearing manufacturers. We have partnered with certain of our key customer groups in the product development process, enabling our products to meet the exact specifications provided by the customers. Our long term relationship with our customers allows us to understand and cater to their diverse requirements, including the development of new products. We believe that once we have developed tooling to manufacture products for our customers, such customers prefer to give repeat orders to us. Further, it gives us an opportunity to cross sell across geographies and offer diversified product portfolio to our customers in other automotive and equipment segments into which they may diversify. This also gives us an opportunity to grow our sales in line with the growth of our customers.

3. ***Strategically located domestic and international production facilities.***

We have strategically located production facilities spread across three countries in India, China, and Romania. We believe that our presence in these locations helps us overcome significant entry barriers in comparison with our competitors, allowing us to penetrate these markets more efficiently and becoming a local supplier to leading key global bearing players. Our strategic presence in these low-cost manufacturing locations gives us the ability to cater to the needs of our customers from multiple locations, at times designing products at one location while manufacturing them at another. Our dual-shore capabilities, which is our ability to carry out design, engineering and manufacturing of products at different locations allow us to service customer requirements from alternate locations, giving the customer the benefit of regular supply and cost-competitive manufacturing operations. Additionally, to help us meet just in time requirements of our customers we have entered arrangements to stock inventory in warehouses over 15 locations across the world. Having close proximity to our key customer groups gives us a strategic advantage in ensuring greater cost effectiveness, quicker delivery and faster turn- around times, allowing us to maximize customer satisfaction in a timely manner. Our multinational presence has also allowed us to diversify our revenue geographically and enhanced our reputation which results in higher orders from India also. For Fiscal 2018, our net profit on a consolidated basis, was ₹ 569.68 million. Given our wide presence, our revenue stream is diversified both geographically as well as across customers. For Fiscal 2018, our total revenue from operations was ₹ 7,675.29 million as per our Restated Consolidated Financial Statements, which comprised revenue from domestic sales of ₹ 2,315.85 million and revenue from export sales/sales from overseas Subsidiaries of ₹ 5,359.44 million; in Fiscal 2018, we received 47.88% of our revenue from customers in Europe, 23.62% from our customers in India, 15.87% from our customers in China and 10.68% from our customers in America. In Fiscal 2018, as per our Restated Consolidated Financial Statements, our return on net worth was 22.57% and our return on capital employed was 29.90%, from Fiscal 2016 to Fiscal 2018 we had a compound annual growth rate ("**CAGR**") of 10.42% in terms of total income, as per our Restated Consolidated Financial Statements.

4. ***Deep expertise in Tooling, research and development and automation***

We believe that our decades of experience in precision engineering, deep expertise in area of tooling, strategically located production facilities, focus on research and development, coupled with technologically advanced and cost competitive manufacturing technology processes has enabled us to meet our customers' bespoke and stringent requirements. We have full-service capabilities across the product cycle including product design and development, material sourcing, designing and manufacture of complex tooling components, testing and measurement infrastructure, all under one roof for meeting the requirement of our global customers. We employ machining as well as stamping processes in our manufacturing process. Our tool room at the Indian production facilities are equipped with tool design software like Pro Engineer for 3D modelling and detailing, Numerically Controlled Tool Path, Auto Cad Station, Sheet Metal Formability Simulation, Hyperworks, that allow us to eliminate any defects in the designing process. Further, tooling machines like Hard Milling and Turning Machines, CNC Wire-cut and EDM Machines with rotary electrodes, CNC Machining Centers including five Axis Machining center and various high accuracy measuring instruments including CMMs, allow us to provide high quality precision bearing components. We currently manufacture a wide range of precision automotive and industrial components with size upto 2,000 mm in diameter. We have comprehensive tooling, testing and measurement infrastructure and independent tool designing capabilities at both our units in India as well as our production facility in Romania that has allowed us to successfully diversify our products portfolio and improve our current processes in different type of bearing cages. We believe that our engineering expertise and technology driven manufacturing processes have enabled us to deliver our products and provide timely solution to our customers in accordance with their designs and specifications, in a cost effective manner without compromising on quality.

5. ***Strong, experienced and dedicated senior management team and qualified workforce***

Our senior management team comprising of our Promoters are qualified engineers and have extensive experience and know-how in engineering sector, including, business development, operations, administration, marketing and human resource management. We leverage the understanding and the experience of our senior management in successfully managing our operations and growth. Our Promoters and Directors Harish Ranjit Rangwala and Rajendra Shantilal Shah have been in this business since incorporation of our Company. We believe their leadership and vision has helped our Company become one of the leading manufacturer of bearing cages. We believe that we also benefit significantly from the highly educated second generation management team comprising of Vishal Rangwala, Pilak Rajendra Shah and Munjal Rangwala, which we believe has an entrepreneurial vision and the technical capability to further expand our business and operations. In addition, we have a dedicated team of engineers along with other skilled and technically qualified workforce. We continuously strengthen our engineering expertise by providing in-house training to our workforce, in order to diversify and update their skill sets and keep them updated with the latest changes in manufacturing technologies and processes.

Our Strategies

The key elements of our strategy are as follows:

1. ***Enhance market leadership in bearing cages and expanding our customer base***

With China and India doing well in the automotive and industrial machinery markets, the demand for various applications which consists of bearings has grown over the past few years, as a result there has been a positive shift in demand of bearings from the North American and Western European markets to Asia Pacific markets. The global bearings industry witnessed an annual growth rate of 5.17% for the year 2013-2018, opening opportunities for the low cost manufacturing locations in India and China. (*Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026, prepared by Research N Reports*) We believe that the global bearings industry will continue to grow and our manufacturing presence in India and China will help us capture a share of the increased market. Harnessing the opportunity of growth, our focus in India is to continue to grow in bearing cages segment given the increase in requirements of bearings for industrial and automobile segment. Keeping pace with the market trends, we have started to expand into large diameter brass and steel bearing cages. We aim to continuously develop newer types of bearing cages with a special focus on larger diameter bearing cages (above 300 mm), to keep up with the evolving demands of the customers. Further, we plan to expand our domestic market share by increasing outsourcing opportunities in all the markets where we operate.

In China, the share of outsourced manufacturing in the overall bearings market is expected to increase. We aim at further expanding the customer base in China as we believe, we are considered to be a versatile and consistent player in the bearing cages segment in China. We have been operating a green field facility at Changshu, China since 2010. In addition, with the acquisition of brass cage manufacturing unit and brass foundry in China, we have been able to further penetrate the Chinese market. With the continued support of technical and tooling services from the Indian production facilities, our aim is to focus on increased business from key Chinese customers.

At present, the plant at Romania has been manufacturing only brass casting and cages. With the takeover of Harsha Engineers Europe SRL, formerly known as Johnson Metal SA, we plan to expand our product portfolio to include steel cages. With the strengthening of the marketing and management team at Romania, we have started catering to additional European customers. Further, we intend to make a strategic change in the product mix which may lead to increase in the sales of finished brass bearing cages to our existing and new customers. We also intend to use the Romania facility for capitalising on increasing opportunities for outsourced components in Europe, both for new customers as well as increasing our supplies to our existing customers. This will allow us to increase our sales as well as profitability.

Historically, we have established profitable relationships with our key global customers. We also seek strategic partnerships with our key customer groups for innovation and development of new products and supply them to new geographies. We further seek to enhance our technological capabilities through inorganic acquisitions as well as through partnering with global technology leaders. We intend to use these to expand into new product categories and segments, leveraging our existing knowledge base and new technologies to increase our product and customer base.

2. ***Retain and strengthen our technological leadership through continued focus on research and development and innovation.***

We are a technology driven company focused on using appropriate cost effective technologies for various volumes and varieties of products, to become single point solution provider to our customers for their different needs of type of cages and different volumes of cages.

We plan to continue expanding our research and development, engineering, tool design and manufacturing, process improvements, lean manufacturing techniques, and automate them to optimize man-power to ensure zero defect products.

Our dedicated product development and innovation centre at Changodar plant and tool production facilities at Changodar has strengthened our ability to meet customer demands in accordance with delivery schedule. Over the past five years the product development and innovation centre has developed more than 850 products for different bearing including ball bearing, brass, CRB, LSB, polyamide, SRB, stamping and taper.

With our expertise in design and manufacturing complex tooling components in house, we have engaged with our customers, developing and manufacturing over 850 products allowing us to meet changing customer requirements.

Our research and development efforts seek to capitalize on emerging trends such as, very clean bearing to reduce noise by supplying clean cages, to develop right geometry of cage to reduce energy loss due to friction and allowing bearing for extra load carrying capacity along with increasing the line production speed to make product most cost competitive. Our company has taken steps towards better utilization of resources and maximising efficiency by increasing level of automation by in house automation department across use of resources, reduction of human error, and economies of scale and significantly higher precision in the overall manufacturing and design of products.

To further strengthen our technological capabilities, we plan on acquiring and installing hard turning CNC lathes, high precision jig bore and automate our existing production lines. We plan to build a new research and development centre having modern software for designs and simulations for new designs of tools. We also plan to expand our talent pool to support new research capacities to keep up with emerging market trends.

3. ***Growing our stamping and specialised component segment.***

We plan on capitalizing on the existing niche and low volume high value products in the stamping and special component segment and gradually scale up its business over next three to five years. We plan on achieving this growth in two phases i.e. (i) manufacturing specialized parts/components and supplying to auto component assembly manufacturers with focus on transmission and engine parts segment and thereafter; (ii) change in supply process by manufacturing assemblies as composite component and supply directly to OEMs. We intend to set up a dedicated stamping unit at our production facility at Moraiya. We have installed certain machinery with progressive tools for complex stamping at our primary manufacturing units. Further, we are in the process of developing complex compressor parts and certain other components which are used in the compressor industry and focus on manufacturing of bearing seals and stamping. Keeping pace with the market trends, we have started to expand into large diameter brass and steel bearing cages. Collectively, these products have opportunities of exponential growth.

4. ***Focus on operational efficiency to improve returns***

Offering quality products at attractive prices is a key aspect of maintaining and expanding our relationships with our customers. To that end, we have adopted a number of initiatives designed to improve our cost efficiency, and as one of our primary business strategies we intend to continue improving cost efficiency.

We have adopted Total Productive Maintenance ("**TPM**") initiative across our plants in India to improve our operational efficiency and the reliability of our manufacturing processes by lowering break downs and rejections. TPM, which we adopted initially in 2011, has helped us to ensure high quality, low costs and on-time delivery for our customers. Our TPM initiatives focus on improving the efficiency of production and support functions by identifying and eliminating losses. We intend to continue implementing TPM initiatives across our Indian production facilities and extend to our facilities in China and Romania in order to reap additional cost savings going forward.

We intend to use a variety of other manufacturing strategies, sourcing strategies and cost reduction strategies to continue to improve our operational efficiencies. For example, we are working on automation of various process to eliminate waste, improve efficiency and manpower optimization, continually working on cost reduction as part of TPM initiative including applying value analysis techniques to our products to reduce cost. Whilst, Harsha Precision Bearing Components (China) Co. Ltd. has initiated the process for relocation of its existing facility closer to Harsha Engineers Components (Changshu) Co. Ltd., we may in the future, pursue integration of the two facilities in China to single facility in order to improve asset efficiency, reduce overhead and build on synergy. For further details in relation to such relocation, see "- *Our Production Facilities*" beginning on page 123.

5. ***Focus on growth by opportunistic inorganic acquisitions and partnerships with customers***

We intend to continue to pursue strategic alliances and inorganic growth opportunities, with a particular focus on technologically-innovative acquisitions that may provide better access to technology with respect to our existing products and allow us to diversify our product and customer base opportunistically. We have historically expanded our business through a combination of organic growth, acquisitions and strategic alliances with our customers and with other component manufacturers. We expanded our outreach with the opening of new production facility in Changshu, China in 2010, acquisition of bearing cage production facility in Suzhou, China in 2014 and European operations in 2016 with the acquisition of our subsidiary Harsha Engineers Europe SRL (formerly known as M/s Johnson Metal S.A.) located in Romania.

Over the years, we have focused on moving up this value chain of complexity and specialization by enhancing our manufacturing capabilities to produce complex precision components for several of our customers. As our technological capabilities evolve, we intend to increase our focus on further diversifying our product portfolio and providing high margin complex precision components to our clients across the world. Historically, we have entered into business agreements with a number of partners across bearing segments in order to ensure that we deliver customizable high quality and technologically advanced products at competitive prices to our customers. These agreements have allowed us to expand our product and technology base, thereby strengthening our business. Our primary focus will be on successfully completing and integrating further acquisitions and benefiting from such future acquisitions.

Our Business Description

As part of our business operations we manufacture and sell bearing cages which is one of the five critical components that go in making of the bearing to customers who primarily operate in the automotive and industrial sectors. The bearing cage is the component in a bearing that separates the balls / roller, maintains the balls / roller symmetrical radial spacing, and in most cases, holds the bearings together. In addition to bearing cages, we also specialize in stamping products primarily used in the auto-component industry. We manufacture a wide range of brass, steel and polyamide bearing cages and stamping components, which we undertake through the Harsha Group, which includes our Company and our Subsidiaries, including Harsha Precision Bearing Components (China) Co. Ltd., Harsha Engineers Components (Changshu) Company Limited, and its step down subsidiary Harsha Engineers Europe SRL. The Harsha Group has developed capacity to manufacture more than 5,000 products ranging upto 2,000 mm in diameter.

Our production facilities are strategically located in three low-cost destinations, namely, India, China and Romania, allowing us to serve customers in the American, European, Chinese and Indian markets, respectively.

We are the largest manufacturer of precision bearing cages in organized sector in India in terms of capacity and operations and amongst the leading manufacturers of precision bearing cages in the world with a market share of approximately 5% to 6% in the organized segment of the global brass, steel and polyamide bearing cages market in terms of revenue. Our company holds Company approximately holds holds more than 50% of the market share in the Indian bearing cages market in the organized segment for brass, steel and polyamide cages. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026).*

We also manufacture complex and specialised precision stamped components for automotive and industrial customers based on technical specifications and designs stipulated by our customers.

As per our Restated Consolidated Financial Statements, in Fiscal 2018, our sales to Europe contributed 47.88% of our revenue from operation, our Indian sales contributed 23.62% of our revenue from operation, our Chinese sales contributed 15.87% of our revenue from operation and our American sales contributed 10.68% of our revenue from operation. Additionally, as per our Restated Consolidated Financial Statements, our production facilities in India contributed approximately 64.27% of our revenue from operation, our production facilities in China contributed 9.34% of our revenue from operation and our production facility in Romania contributed 26.39% of our revenue from operation.

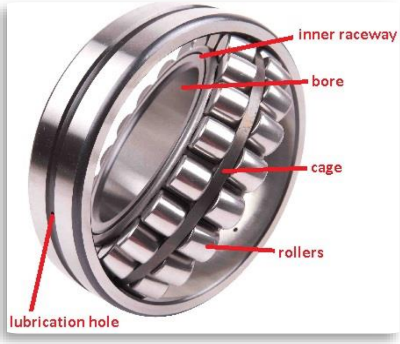
Products

Our Company manufactures bearing cages, semi-finished brass castings and specialty stamping components. Set forth is a description of each such product manufactured by the Harsha Group.

<u>*Bearing Cages*</u>

The bearing cage category comprises of roller cages and ball bearing cages. The cages offer high rigidity, strength and high heat resistant operating conditions. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)*

Our Company manufactures precision bearing cages that forms one of the five components of a bearing; other such components being, the inner ring, outer ring and rolling elements like rollers or balls and cages. Bearing cages are primarily utilized to: (i) separate the rolling elements, reducing the frictional heat generated in the bearing; (ii) keep the rolling elements evenly spaced, optimizing load distribution on the bearing; (iii) guide the rolling elements in the unloaded zone of the bearing; and (iv) retain the rolling elements of separable bearings when one bearing ring is removed during mounting or dismounting. Set forth is an illustration of a bearing showing its three key components, i.e. inner raceway, cage and rollers:



Our Company caters to the bespoke needs of our customers, by customizing the type of base material, as well as the design to be applied for the bearing cages. Such customization is generally dependent upon the operating conditions under which the bearings will be generally utilized by our customers. We endeavour to provide the most reliable and cost-effective bearing cage by selecting the base material and manufacturing methods on the basis of the specific functional demands and quantity stipulated by our customers, as the type of base material used for manufacturing a bearing cage has a significant influence on the suitability of a rolling bearing for a particular application. In order to ensure that the bearing cages manufactured meet our quality standards, we carry out mechanical stress tests during bearing operations by frictional, impact, centrifugal and inertial forces.

While bearing cages can be manufactured using various materials, our Company primarily manufacturers bearing cages out of brass, steel and polyamide, which represent the most common types of base materials used in the bearing cages market. Our dedicated product development and innovation centre at Changodar plant and tool production facilities at Changodar has strengthened our ability to meet customer demands in accordance with delivery schedule. Over the past five years the product development and innovation centre has developed more than 850 products for different bearing divisions:

Set forth is a brief description of cages manufactured from such material used by our Company and the process followed:

Steel Cages:

Our Company offers various grades of steel cages as per the requirements of our customers. Owing to the light weight nature, friction less wear and high strength such steel cages are widely in demand. The size of the steel cages ranges upto 1,000mm and our Company manufactures more than 2,600 types of steel cages. Steel bearing cages can be used at operating temperatures of up to 300 °C (570 °F). *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)* Set forth is a brief description of the manufacturing process applied by our Company.

Steel Strip → Stamping Process → Finishing and Burr Removal → Coating Heat Treatment → Finished Product

Brass Cages:

Our Company produces 2,000 types of brass cages. The foundry casting size range upto 1,500 mm and has size upto 1,200mm. The raw material used to develop brass cages are CuZn39Pb1AI-C, CuZn40Pb2, ALCOP and HBSC. Brass cages are generally manufactured from semi-finished brass castings which may be cast in-house and then machined into bearing cages or stamped from Brass strips or turned out of Brass tubes. Brass bearing cages can be used at temperatures of up to 250 °C (480 °F). *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)* Set forth is a brief description of the manufacturing process applied by our Company.

Melting Brass Alloy → Casting Brass Alloy → Machining → Burr Removal → Finished Product

Polyamide cages:

Our Company offers injection moulded polyamide cages. The features of such cages include being corrosion resistant and light in weight owing to presence of high polymers materials. Our Company manufactures more than 25 types of polyamide cages with size ranging from 300mm including, deep groove ball bearings, self-aligning ball bearings, cylindrical roller bearings, angular contact ball bearings, taper roller bearings, thrust ball bearings, cylindrical roller thrust bearings, linear ball bearings, water pump bearings and other special types of bearings. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)* Set forth is a brief description of the manufacturing process applied by our Company.

Engineering Polymer → Injection Moulding → Finished Product

Bearing cages are made in different designs depending on their operating conditions. We make bearing cages in following designs:

(i) Cylindrical roller bearing cages - Designed for radial load carrying capability, which demand high stiffness and high accuracy. Primarily used in industrial machines, pumps, compressors, OEMs and traction motors for railways. Certain varieties of cylindrical roller bearing cages manufactured by us are as follows:

Cylindrical Roller Bearing Cage – Brass

Cylindrical Roller Bearing Cage – Polyamide **Cylindrical Roller Bearing Cage – Steel**

(ii) Spherical Roller Bearing Cages - Designed for carrying radial load and combined load applications which allows tolerance for misalignment in operation. Primarily used in crushers, railways, steel mills, thermal turbines and windmills. Certain varieties of spherical roller bearing cages manufactured by us are as follows:

Spherical Roller Bearing Cage – Brass **Spherical Roller Bearing Cage – Steel**

(iii) Deep Grove Bearing Cages - Designed for high speed and high running accuracy with low friction and noiseless operation. Primarily used in agricultural machines, automotive parts, chemical machinery, utilities and white appliances. Certain varieties of deep grove bearing cages manufactured by us are as follows:

Deep Grove Bearing Cages – Brass

Deep Grove Bearing Cages – Steel

Deep Grove Bearing Cages – Polyamide

(iv) Angular Contact Ball Bearing Cages - Designed for carrying axial and combined loads with high running accuracy. Primarily used in agricultural machines, chemical machinery, general industries and utilities. Certain varieties of angular contact ball bearing cages manufactured by us are as follows:

Angular Contact Ball Bearing Cage – Brass Angular Contact Ball Bearing Cage – Steel

Angular Contact Ball Bearing Cage – Steel

(v) Thrust Roller Cages - Designed for carrying axial loads which demand high running accuracy and bearing arrangements. Primarily used in blowout preventers, extruders, gearboxes, offshore drilling and oil rigs. Certain varieties of thrust roller cages manufactured by us are as follows:

Thrust Roller Cage - Brass

(vi) Taper Roller Cages - Designed for combined axial and radial load applications with demand high accuracy. Primarily used in engine applications. Certain varieties of angular contact ball bearing cages manufactured by us are as follows:

Taper Roller Bearing Cage – Steel **Taper Roller Bearing Cage – Polyamide**

Semi-finished brass castings

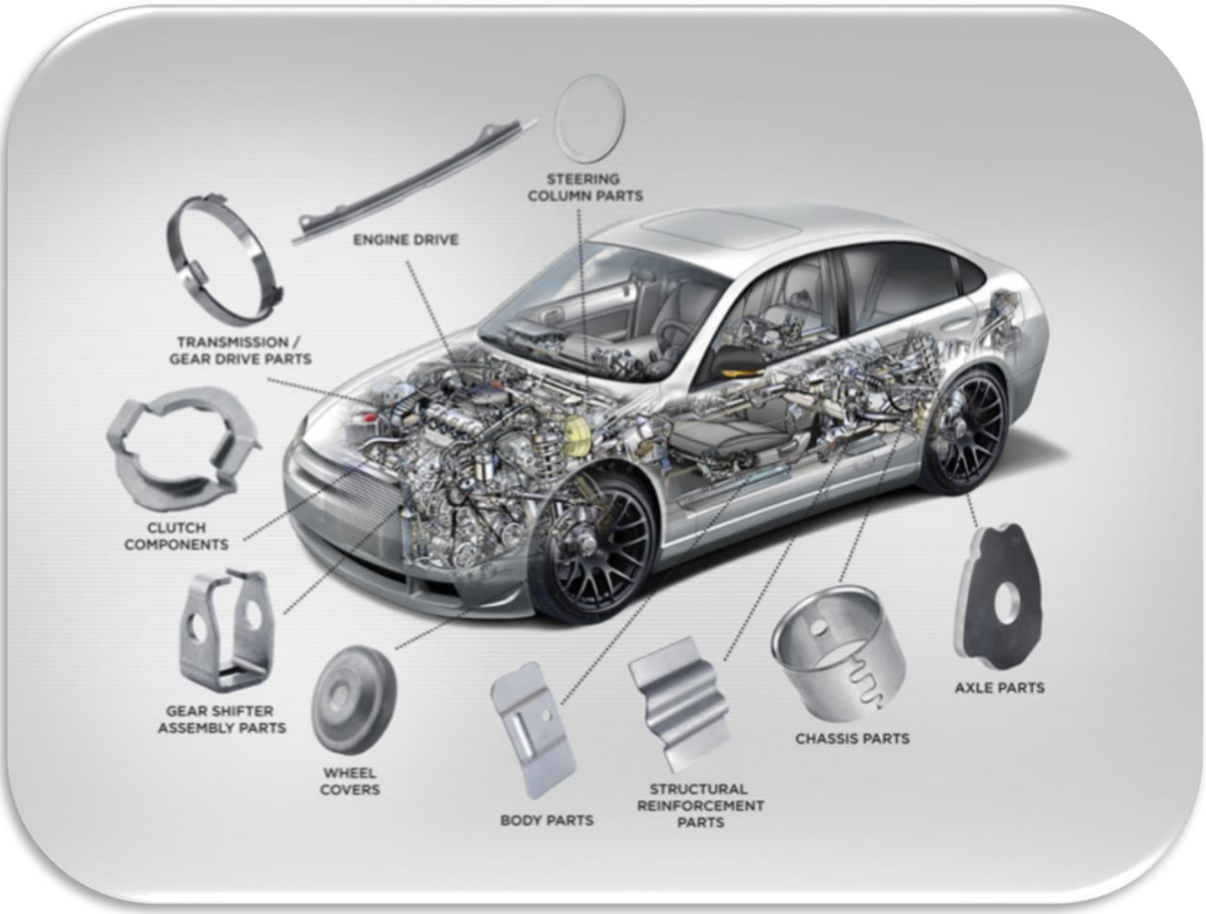
We manufacture semi-finished brass castings for our customers who, in turn carry out processes for converting such semi-finished brass castings into a bearing cage. Majority of such semi-finished brass castings are manufactured by our Subsidiary in Romania. Certain varieties of Semi-finished brass castings manufactured by us are as follows:

Centrifugal Casting **Sand Casting**

Specialty Components

We plan on capitalizing on the existing niche low volume high value products in the stamping and special component segment and gradually scale up its business over next three to five years. We plan on manufacturing specialized parts/components and supplying to auto component assembly manufacturers. Currently, our Company provides comprehensive metal stamping solutions ranging from simple to complex designs and geometries. Our capabilities extend to manufacturing high quality precision component parts as well as semi-assembled modular units that are manufactured through our own assembly lines. Precision stamping components generally have the following applications:

(i) Automotive applications – We offer our customers high quality precision parts for two wheeler and four wheeler application as well as complete assembled modular units. We also manufacture steering, column parts, engine drive, transmission/gear drive parts, clutch components, gear shifters assembly parts, wheel covers, structural reinforcements, chassis parts and axle parts. An indicative pictorial representation is set forth:



(ii) Industrial applications – We are a metal insert supplier for different metal and sealing applications that are primarily used as dust covers, bearing covers, slingers, flingers and seal inserts; and

(iii) Electrical and appliance applications – We offer high quality stamping products for electrical and appliance industry that are primarily used in AC compressors and we have the capability electrical switch gear, demonstrating a unique ability to streamline the production of even the smallest, most complex electronic stampings, while ensuring complete accuracy and cost efficiency.

Our Production Facilities

We presently have a total of five production facilities, of which, our primary production facility is located at Sarkhej-Bavla Road, Changodar, Ahmedabad. Additionally, we have one production facility at Moraiya Farm, Sarkhej-Bavla Road Changodar, Ahmedabad, two production facilities in China and one production facility in Romania. Additionally, our production facilities in India have availability for water and electricity by way of connections with local municipal facilities. Additionally, in order to maintain steady flow of electrical power and to protect against power surges, our production facilities are equipped with stand-by electricity facilities in form of external generators.

Set forth is brief description of the installed capacity and consequent capacity utilisation for the products manufactured by the Harsha Group, as certified by D.P. Jani, Chartered Engineer:

Location	Product Type	Installed Capacity (In Million Pieces)				Production Volume (In Million Pieces)				Capacity Utilisation (%)			
		As at March 31, 2016	As at March 31, 2017	As at March 31, 2018	As at June 30, 2018	For Fiscal 2016	For Fiscal 2017	For Fiscal 2018	For the three-month period ended June 30, 2018	For Fiscal 2016	For Fiscal 2017	For Fiscal 2018	For the three-month period ended June 30, 2018*
India	Bearing cages	950.80	986.54	1,004.72	1,004.72	531.20	563.38	706.50	181.46	55.87	57.11	70.32	18.06
China	Bearing cages	10.51	10.53	11.17	11.17	2.53	4.24	7.00	1.96	24.04	40.22	62.67	17.56
Romania	Bearing cages	N.A.	0.38	0.38	0.38	N.A.	0.04	0.08	0.04	N.A.	11.62	20.00	10.85
Total (in Million)		**961.31**	**997.45**	**1,016.27**	**1,016.27**	**533.72**	**567.66**	**713.58**	**183.46**	**55.52**	**56.91**	**70.22**	**18.05**

* *Capacity utilisation for the three month period ended June 30, 2018, has not been annualised.*

Location	Product Type	Installed Capacity (In MT)				Production Volume (In MT)				Capacity Utilisation (%)			
		As at March 31, 2016	As at March 31, 2017	As at March 31, 2018	As at June 30, 2018	For Fiscal 2016	For Fiscal 2017	For Fiscal 2018	For the three-month period ended June 30, 2018	For Fiscal 2016	For Fiscal 2017	For Fiscal 2018	For the three-month period ended June 30, 2018*
Romania	Castings	N.A.	35,376.00	35,376.00	35,376.00	N.A.	1,838.00	3,276.00	598.00	N.A.	5.20	9.26	1.69
Total (in MT)		**N.A.**	**35,376.00**	**35,376.00**	**35,376.00**	**N.A.**	**1,838.00**	**3,276.00**	**598.00**	**N.A.**	**5.20**	**9.26**	**1.69**

**Capacity utilisation for the three month period ended June 30, 2018, has not been annualised.*

Note: *The installed capacity increased as mentioned above, due to addition of machineries and/or technical upgradation of existing machineries to improve capacity.*

Both our production facilities in India, China and Romania have been duly certified for conforming to and applying international standards of quality management systems such as, IATF 16949 for Changodar and Moraiya; ISO 9001:2015 for Changodar, Moraiya, Suzhou and Romania; OHSAS 18001:2007 for Romania; environmental management system standards – ISO 14001:2015 for Changodar, Moraiya and Romania; and energy management systems – ISO 50001:2011 for Changodar and Moraiya.

Our production facilities house an array of equipment such as power presses and CNC machines to deliver precision quality products. The manufacturing processes leverage a production infrastructure comprising of manual, semiautomatic and fully automatic machines. The multiple production bays comprise of:

(i) CNC machines – over 100 machines for turning and milling with a capability to machine from 50 mm to 1,200 mm;

(ii) Over 175 presses with capacities ranging from 4T-1000T;

(iii) Secondary equipment such as machines for vibro finishing, shot blasting and phosphate layering like zinc and manganese.

Set forth is brief description of all production facilities of the Harsha Group:

Production Facility	Address	Land area (in sq. meters)
Changodar, Ahmedabad, India	Sarkhej-Bavla Road, P.O. Changodar Ahmedabad - 382213, Gujarat, India	36,670
Moraiya, Ahmedabad, India	Plot No. 427/431, Moraiya Farm Sarkhej-Bavla Road, PO Changodar Ahmedabad – 382213, Gujarat, India	50,162
Changshu, China	Building 25, Maqiao Industrial Square, Changshu Economic Development Zone, Changshu, Jiangsu, China	6,900
Suzhou, China	Building 25, Maqiao Industrial Square, Changshu Economic Development Zone, Changshu, Jiangsu, China	15,000
Brasov, Romania	Str. Hermann Oberth nr.23 Hala 4 Ghimbav 507075 Brasov Romania	20,000

Additionally, in furtherance of our endeavour to have strategically located international production facilities and focus on operational efficiency to, our subsidiary, Harsha Precision Bearing Components (China) Co. Ltd. ("**HPBCCCL**") which is currently located at 28, Yinsheng Road, Suzhou Industrial Park ("**Property**"), has initiated the process to relocate its operations from the existing Property to state owned parcel of land located east of Fuhua Road to North of Tonggang Road, Economic and Technological Development Zone, Changshu ("**Changshu Project**"). Accordingly, HPBCCCL ("**Seller**") has entered into Real Estate Assets Purchase Agreement ("**Sale Agreement**") with Ascend Intelligent Technology (Suzhou) Co. Ltd. ("**Buyer**" and collectively with the Seller, the "**Parties**") on December 15, 2017 for sale of Property on "*as is where is basis*" for a consideration of RMB 28,500,000. As per the terms of the Sale Agreement, HPBCCCL has agreed to vacate the Property in 12 months ("**Agreed Closing**") after completion of assets title transfer. The Seller completed the transfer of real estate title on May 7, 2018. Further, the terms of the Sale Agreement state that, *inter alia*, the Parties have a right to terminate the Sale Agreement, if HPBCCCL fails to procure the relevant environment impact assessment approval ("**Approval**") for the Changshu Project, or in the event the Parties fail to complete state-owned construction land tenure transfer filing by March 31, 2018. Subject to the terms of the Sale Agreement, both the Parties have agreed that HPBCCCL can occupy the Property for production and operation for a period of 15 months and the closing of the Sale Agreement ("**Closing**") shall only take place, *inter alia*, upon fulfilment of the following conditions: (i) HPBCCCL's written confirmation to vacate the Property; and (ii) issuance of new real estate building owner certificate and state owned land use right certificate in favour of the Buyer. The Buyer can unilaterally terminate the Sale Agreement if HPBCCCL fails to provide ownership documents required by the competent PRC authority; in which case, HPBCCCL to make good for actual losses incurred the Buyer for breach of the Sale Agreement. While HPBCCCL has received RMB 25,000,000 as part of the total consideration as on July 31, 2018, a part of the outstanding consideration will be received upon the Buyer receiving new real estate building owner certificate and the remaining amount will be received upon Closing.

As part of the proposed relocation, HPBCCCL has entered into an agreement for state-owned construction land use right assignment ("**New Land Purchase Agreement**") with Changshu Municipal Bureau of Land Resources ("**Assignor**") on January 26, 2018 for acquiring the Changshu Project, having an area of 29,615 square meters, for a consideration of RMB 8,825,270 located next to the existing production facility of Harsha Engineers Components (Changshu) Co. Limited ("**HECCCL**"). Our Company, intends on consolidating both parcels of land and further expand our manufacturing capabilities. The terms of the New Land Purchase Agreement states that, *inter alia*, the transfer term of the right of state-owned construction land use for the Changshu Project shall be for a period of 50 years, upon completion of which, the Changshu Project shall be transferred back to the Assignor without any payment along with all buildings, structure and ancillary facilities located on it, unless the New Land Purchase Agreement is renewed by the Assignor. Further, HPBCCCL has agreed, *inter alia*, that total investment in fixed assets of the Changshu Project ("**Construction Project**") shall not be less than the approved or registered amount of RMB 424,850,000 and the investment intensity shall not be less than RMB 14,345.770724 per square meter. HPBCCCL paid off the land-transfer fees to the Bureau of Finance of Changshu on January 20, 2018 and has obtained the real property certificate number 0005784 on February 6, 2018. As per the New Land Purchase Agreement, HPBCCCL has agreed to carry out construction of new building, structures and other facilities in accordance with specific planning conditions prescribed by the planning and management department of municipal (county) government. HPBCCCL has agreed to commence the Construction Project before January 26, 2019 and complete before January 26, 2022 and in the event, HPBCCCL keeps the land idle upto one year but less than two years, then it has to pay idle fee in accordance with the law. Further, if the idle period is beyond two years without commencement of the Construction Project, the Assignor shall have the right to take back the state-owned construction land use rights of the Changshu Project free of charge.

Quality Control and Internal Control Systems

We use a TEAM concept (Together Everyone Achieves More), which focuses on total employee involvement and first person ownership for productivity and maintenance to achieve manufacturing excellence. Across the production base, the TPM is effectively implemented through systemization, sorting, sweeping, standardization and self-discipline.

We adopt the best practices of quality systems to manufacture world class precision components to meet high expectations of global customers. In order to reaffirm our quality focus, we continuously strive towards zero defect environment, ensure regular assessment, reviews, course correction and retaining. Our quality systems are certified OHSAS 18001:2007 and ISO 9001:2015.

Our Customers and Customer Contracts

We have a well-diversified customer base spread across various geographies. We have a broad customer base across five continents including, Asia, Europe and North America. We believe that a majority of our customers are marquee global customer groups. Our top five customer groups on a consolidated basis constituted 89.18%, 89.76% and 88.04% of our total consolidated revenue for Fiscals 2018, 2017 and 2016, respectively.

Forex Management

We have adopted a risk management policy by way of resolution dated December 13, 2011, that provides for guidelines for risk identification, measurement and control by the forex department of our Company. The forex department closely monitors all export invoices, reviews fresh fund requirements, assesses impact due to exchange risk and interacts with banks, consultants advisors so as to gain understanding of the currency forex trends.

Global Delivery Service Model

Our Company supplies its products to leading bearing manufacturers across the world, who in turn sell the final bearing to their automotive and industrial customers across the world. Our Company has a three-pronged global delivery model wherein, customers are serviced from our production facilities in India, however, if there is sufficient lead time, our customers in Europe and China are consequently serviced from our production facilities in Romania and China, respectively. Additionally, as majority of our customers follow a just-in-time inventory structure and in order to meet such delivery requirements and reduce the risk of stock outage, our Company maintains strategic warehouses for standard items with minimum inventory levels. We believe that our warehouses are strategically located across the world. This offers a strong combination of cost optimization while meeting delivery requirements of different customers and products.

Sales and Marketing

Our Company operates in the business to business segment of our industry consequent to which, all of our sales are to industrial customers and such industrial customers use our products as component of their final product. Given the nature of our product offering, we believe that we are required to regularly engage and interact with our customers before concluding a sale of our products. Such interaction may include, exchange of design and product information, feedback on various aspects of the product, estimation of effort and cost for development of tooling. For carrying out the aforesaid activities, we maintain a marketing team of 30 permanent and four trainee employees across the world and also on an opportunistic basis appoint certain intermediaries for carrying out marketing related activities for us.

Competition

The global bearing cages market is fragmented with a number of global and regional companies. Some of the leading bearing cage companies which operate in the same industry as our Company include MPT Präzisionsteile GmbH Mittweida and Nakanishi Metal Works Co. Ltd. (NKC Japan). The other prominent companies which operate in the same industry as our Company include Manu Yantralaya (P) Ltd. and Dalian Lucky Valley Technology Co. Ltd. With the ability to provide customized and innovative solutions to global bearing players, our Company has established a strong market share for itself in the Indian and global subcontinent in the outsourced brass, steel and polyamide segment. Our Company also has robust tooling capabilities and offers a diverse product portfolio of bearing cages with respect to size and material type. We believe we have established global presence, specifically in low cost manufacturing locations, which we believe aids our access to different markets in a cost effective manner.

Intellectual Property

We view our mark, "Harsha Engineers", as a material asset. As such, we registered our mark and logo with the Trademark Registry in Ahmedabad and have been granted a Certificate of Registration. Our trademark for the label "Harsha Engineers" is valid in India up to February 16, 2020.

Environment, Energy Conservation, Health and Safety

We believe commercial success should be laced with active initiatives which recognizes the priceless contribution of the world we live in and accordingly, we believe we are committed to protecting the planet and conserving its scare resources. We believe that our responsibility towards environment and energy is validated by our ISO 14001 and ISO 50001 certifications, that generally stress the need to balance interests between innovation and conservation of priceless resources.

We follow a broad based environment protection and occupational safety policy which we have validated across our production facilities in India, China and Europe by implementing the energy policy of our Company. Our production facilities worldwide are validated and certified according to ISO 14001.

Human Resources

As on June 30, 2018, we have a total of 1,775 employees, of whom approximately, 1,686 employees are skilled and technically qualified employees. Our training and development modules are aimed at providing training for technical associates and technical supervisors in a well-structured manner. We select our skilled and technically qualified employees on the basis of their educational qualification, past experience and performance in the job interview. Set forth is a tabular presentation of our employees of all production facilities of the Harsha Group:

Production Facility	Number of total employees	Number of total permanent employees	Number of total skilled employees
Changodar, Ahmedabad, India	828	828	800
Moraiya, Ahmedabad, India	557	557	535
Changshu, China	102	101	90
Suzhou, China	52	52	46
Brasov, Romania	236	235	215

We believe we are committed to the development of the competencies, skill sets and knowledge of our employees and accordingly, our human resource policies are aimed at hiring qualified individuals, developing their technical skills as well as behavioural competencies through on the job training, class room training and wherever required, through external training programmes. We believe that we motivate our employees for job rotation / internal transfers for development of cross-functional / multiple skills.

For ensuring a conducive, productive work environment and addressing grievances of our employees, we have formulated a 'Grievance Redressal Committee' which has a fair mix of representatives from the senior management of our Company and our employees.

Insurance

Our operations are subject to various risks inherent in the industry in which we operate as well as theft, natural disasters, spread of communicable diseases, acts of terrorism and other unforeseen events. We maintain insurance cover for our properties in India and abroad, and our policies cover, among others, protection from fire, special perils, and burglary. We also maintain a variety of employee insurance policies such as group personal accident policy and workmen compensation policy. We also maintain a variety of marine and employee insurance policies such as group personal accident policy and workmen compensation policy. We also maintain insurance for our directors' and senior officers' liability up to a cap of ₹450.00 million for any one claim or in the aggregate for all claims made. We maintain commercial general liability group insurance policy for some of our plants and also have a commercial general liability policy for all our locations in India and all of our Subsidiaries.

Our insurance coverage is in accordance with industry customs, including the terms and scope of the coverage provided by such insurance. We generally insure our assets based on their replacement value, which is generally higher than the carrying value of our assets in our financial statements. Notwithstanding the above, our policies are nonetheless subject to standard limitations. For instance, in the case of business interruption, limitations apply with respect to the length of the interruption covered and the maximum amount that can be claimed. Therefore, insurance might not necessarily cover all losses incurred by us and we cannot provide any assurance that we will not incur losses or suffer claims beyond the limits of, or outside the relevant coverage of, our insurance policies.

Properties

Our Registered and Corporate Office and production facilities at Unit 1 are located at a land parcel admeasuring 36,670 sq. meters, located at Changodar, Sarkhej-Bavla Road, PO Changodar, 382 213 which is owned by our Company. Our production facilities at Unit II are located at a land parcel admeasuring 50,162 sq. meters, located at Moriya Farm, Sarkhej-Bavla Road, P.O Changodar, 382 213.

Awards and Recognition

For details of the awards received by our Company and recognition bestowed upon our Company, see "*History and Other Corporate Matters – Awards and Recognition*" on page 134.

Corporate Social Responsibility ("CSR")

In terms of section 135 and Schedule VII of the Companies Act, 2013, our Board of Directors have constituted CSR Committee, which has developed a CSR policy by way of which our Company will strive to assist underprivileged children with multiple challenges to have a better quality of life and promote education including special education and employment enhancing vocation skills among differently able. In the last Fiscal, our Company had undertaken CSR activities, which amounted to ₹ 15.50 million, respectively. Recently, as part of our CSR activities, our Company through Aastha Charitable Trust for Welfare of the Mentally Challenged, undertook welfare activities for mentally challenged and through Jevan Sandhya, our Company has assisted in establishing old age homes for the elderly.

REGULATIONS AND POLICIES

The following description is a summary of certain sector specific key laws and regulations in India, which are applicable to our Company and our Subsidiaries. The information detailed in this section has been obtained from publications available in the public domain. The regulations set forth may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice. The information detailed in this section is based on the current provisions of applicable law, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

We operate various segments, including manufacturing of bearing cages and precision industrial and automotive components. For further details, see "*Our Business*" beginning on page 112.

Key regulations applicable to our Company in India

Environmental Laws

We are subject to various environment regulations as the operation of our establishments might have an impact on the environment in which they are situated. The basic purpose of the statutes listed below is to control, abate and prevent pollution. In order to achieve these objectives, pollution control boards ("**PCBs**"), which are vested with diverse powers to deal with water and air pollution, have been set up in each state. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking inspection to ensure that industries are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation. All industries are required to obtain consent orders from the PCBs, which are indicative of the fact that the industry in question is functioning in compliance with the pollution control norms. These consent orders are required to be periodically renewed.

The Environment (Protection) Act, 1986 ("EPA")

The EPA is an umbrella legislation designed to provide a framework for the Government of India to protect and improve the environment. The EPA vests with the Government of India the power to take any measure it deems necessary or expedient for protecting and improving the quality of the environment, and preventing and controlling environmental pollution. This includes rules for the quality of environment, standards for emission of discharge of environment pollutants from various sources as provided under the Environment (Protection) Rules, 1986, inspection of any premises, plant, equipment, machinery, and examination of manufacturing processes and materials likely to cause pollution.

The Water (Prevention and Control of Pollution) Act, 1974 ("Water Act")

The Water Act aims to prevent and control water pollution by factories and manufacturing units and maintain and restore the quality and wholesomeness of water. Under the Water Act, any person establishing any industry, operation or process, any treatment or disposal system, use of any new or altered outlet for the discharge of sewage or new discharge of sewage, must obtain the consent of the relevant state pollution control board, which is empowered to establish standards and conditions that are required to be complied with.

The Water (Prevention and Control of Pollution) Cess Act, 1977 ("Water Cess Act")

The Water Cess Act provides for the levy and collection of a cess on water consumed by persons carrying on certain industries and by local authorities. Under this statute, every person carrying on certain industries and local authorities are required to pay a cess calculated on the basis of the amount of water consumed for any of the purposes specified under the Water Cess Act, at such rate not exceeding the rate specified under the Water Cess Act. A rebate of up to 25% on the cess payable is available to persons who install any plant for the treatment of sewage or trade effluent, provided that they consume water within the quantity prescribed for that category of industries and also comply with the provision relating to restrictions on new outlets and discharges under the Water Act or any standards laid down under the EPA.

The Air (Prevention and Control of Pollution) Act, 1981 ("Air Act")

The Air Act provides for the prevention, control and abatement of air pollution. Pursuant to the provisions of the Air Act, any person establishing or operating any industrial plant within an air pollution control area, must obtain the consent of the relevant state PCB prior to establishing or operating such industrial plant. The state pollution control board must decide on the application within a period of four months of receipt of such application. The consent may contain certain conditions relating to specifications of pollution control equipment to be installed at the facilities. No person operating any industrial plant in any air pollution control area is permitted to discharge the emission of any air pollutant in excess of the standards laid down by the state PCB.

The Hazardous Wastes (Management Handling and Transboundary Movement) Rules, 2008 ("Hazardous Wastes Rules")

The Hazardous Wastes Rules aim to regulate the proper collection, reception, treatment, storage and disposal of hazardous waste. The Hazardous Wastes Rules impose an obligation on every occupier and operator of a facility generating hazardous waste to dispose of such waste without adverse effect on the environment, including through the proper collection, treatment, storage and disposal of such waste. Every occupier and operator of a facility generating hazardous waste must obtain an approval from the relevant pollution control board. The occupier, the transporter, the operator and the importer are liable for damages caused to the environment resulting from improper handling and disposal of hazardous waste. The operator and the occupier of a facility are liable for any fine that may be levied by the relevant state PCB.

The Noise Pollution (Regulation & Control) Rules, 2000 ("Noise Regulation Rules")

The Noise Regulation Rules regulate noise levels in industrial, commercial, residential and silence zones. The Noise Regulation Rules also establish zones of silence of not less than 100 meters near educational institutions, courts, hospitals, or other institutions.

The Public Liability Insurance Act, 1991 ("PLI Act")

PLI Act imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. The government by way of a notification has enumerated a list of hazardous substances. The owner or handler is also required to obtain an insurance policy insuring against liability under the legislation. The rules made under the PLI Act mandate that the employer has to contribute towards the Environmental Relief Fund a sum equal to the premium paid on the insurance policies. The amount is payable to the insurer.

Labour Related Regulations

The Factories Act, 1948 ("**Factories Act**") defines a "factory" to cover any premises which employs ten or more workers and in which manufacturing process is carried on with the aid of power and any premises where there are at least 20 workers even though there is or no electrically aided manufacturing process being carried on. Each State Government has rules in respect of the prior submission of plans and their approval for the establishment of factories and registration and licensing of factories. The Factories Act provides that an occupier of a factory i.e. the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety and welfare of all workers. There is a prohibition on employing children below the age of fourteen years in a factory. The occupier and the manager of a factory may be punished with imprisonment for a term up to two years or with a fine up to ₹100,000 or with both in case of contravention of any provisions of the Factories Act or rules framed there under and in case of a contravention continuing after conviction, with a fine of up to ₹1,000 per day of contravention. In addition to the Factories Act, the employment of workers, depending on the nature of activity, is regulated by a wide variety of generally applicable labour laws. The following is an indicative list of labour laws applicable to the business and operations of Indian companies engaged in manufacturing activities:

- Bombay Labour Welfare fund (Gujarat Amendment Act, 2005);
- Contract Labour (Regulation and Abolition) Act, 1970; Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- Contract Labour (Regulation and Abolition) Act, 1970
- Employees' State Insurance Act, 1948;
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- Employees' Compensation Act, 1923;
- Employment Exchange (Compulsory Notification of Vacancies) Act, 1959;Minimum Wages Act, 1948;
- Industrial Disputes Act, 1947;
- Maternity Benefit Act, 1961;
- Payment of Bonus Act, 1965;
- Payment of Gratuity Act, 1972;
- Payment of Wages Act, 1936;
- Sexual Harassment at Workplace (Prohibition, Prevention and Redressed) Act, 2013; and Shops and Establishments Legislations.

Intellectual Property Rights

In India, patents, trademarks and copyrights enjoy protection under both statutory and under common law. The key legislations governing intellectual property in India and which are applicable to our Company are the Patents Act, 1970, Copyright Act, 1957 and the Trade Marks Act, 1999.

Other Indian laws

In addition to the above, our Company and our Subsidiary in India are also governed by tax related laws such as the Central Excise Act, 1944, the Income Tax Act, the Income Tax Rules, the Customs Act, 1962, the Central Sales Tax Act, 1956, Wealth Tax Act, 1957, Central Excise Tariff Act, 1985, Customs Tariff Act, 1975, State VAT regulations, local body tax and various applicable service tax notifications and circulars. Additionally, international tax treaties such as Double Taxation Avoidance Agreements are also applicable. Further, certain legislations such as the Shops and Commercial Establishments Acts of various states and certain state specific laws are applicable to our Company and some of our Subsidiaries.

A wide variety of labour laws are also applicable to our Company and our Subsidiaries, including the Contract Labour (Regulation and Abolition) Act, 1970, Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Employees' State Insurance Act, 1948, the Industrial Disputes Act, 1947 and Industrial Disputes (Central) Rules, 1957, Maternity Benefit Act, 1961, Minimum Wages Act, 1948, Payment of Bonus Act, 1965, the Payment of Gratuity Act, 1972, Payment of Wages Act, 1936, Equal Remuneration Act, 1976 and the Workmen's Compensation Act, 1923, Industrial Employment (Standing Orders) Act, 1946, Apprentices Act, 1961 and Child Labour (Prohibition Regulation) Act, 1986.

Laws applicable for operations outside India

Our Company and its Subsidiaries operate in various jurisdictions, including, among others, China and Romania. The relevant laws in these jurisdictions are applicable to our Company, its Subsidiaries and branch offices, which relate to incorporation or registration as applicable, labour, immigration, intellectual property, data protection, taxation, and other business related laws.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated as Harsha Engineers Private Limited on March 4, 1986 at Ahmedabad, Gujarat as a private limited company under the Companies Act, 1956. Our Company became a deemed public limited company under Section 43A(1) of the Companies Act, 1956, and the word "private" was struck off from the name of our Company with effect from July 1, 1998. Pursuant to a resolution of our Shareholders on August 27, 2001, our Company was converted into a public limited company and its name changed to Harsha Engineers Limited. Consequently, the Registrar of Companies issued a fresh certificate of incorporation on September 18, 2001.

As of the date of this Draft Red Herring Prospectus, our Company has 18 Shareholders.

For information on our Company's profile, activities, services, market, growth, technology, managerial competence, standing with reference to prominent competitors, major vendors and suppliers, see "*Our Management*", "*Our Business*" and "*Industry Overview*" on pages 140, 112 and 96, respectively.

Changes in Registered Office

The details of changes in the registered office of our Company are set forth:

Date of change	Details of change in the address of the registered office	Reasons for change in the address of the registered office
November 15, 1997	The Registered Office of our Company was changed from 217, G.V.M.M., Industrial Estate, Odhav, Ahmedabad, 382 415 to Changodar, Sarkhej Bavla Road, P.O. Sarkhej, Ahmedabad 382 213.	The change in the registered address was due to the growing expansion of our business and the convenience for future operations.

Main Objects of our Company

The main objects contained in the Memorandum of Association of our Company are as follows:

1. To carry on business of manufacturing, trading in all kinds of components used in all types of industrial bearing and to manufacturing bearings of all types used in all type of industries;

2. To carry on business in India and elsewhere as importers, exporters, merchants, traders, distributors, agents, indenting agents, selling agents and representatives for dealing or manufacture utilizing or turning in account, exploiting of products or articles mentioned in clause 1 above.

3. To manufacture and marketing industrial precision goods and components, bearing cages, products of other on loan license and to get its own products manufactures by other companies on loan license or job work basis.

4. To carry on in India or abroad the business of manufacturing, processing, engineering, researching, designing, developing erecting, commissioning, fabricating, assembling, contracting, servicing, representing, distributing, stocking, transferring, merchandising, buying, marketing, selling, supplying, maintaining, managing, leasing, utilizing and renting, as manufacturers, producers, engineers, researchers, developers, assemblers, consultants, importers, exporters, buyers, sellers, hirers, repairers, dealers, distributors, stockiest, wholesalers, retailers, jobbers, traders, agents, brokers, representatives, collaborators, partners, and advisors etc. for all, any and every kind and types of plants, systems, equipment, items, devices, products, machines, parts, components, spares, hardware, assemblies, etc. related to solar energy applications including but not limited to solar heaters and coolers, lantern, street and home lights, solar power plants, rooftop solar applications, automobile solar applications, solar light pipes, solar sections, photovoltaic cell, modules and panels of photovoltaic cell, semiconductor wafers, silicon chip, polysilicon ingot, silicon crystallization and other micro and nano technology products related to solar energy.

The main objects as contained in the Memorandum of Association enable our Company to carry on the business presently being carried out.

Amendments to our Memorandum of Association

The following table set forth details of the amendments to our Memorandum of Association since the incorporation of our Company:

Date of Shareholders' Resolution	Particulars
April 20, 1987	Clause V of the Memorandum of Association was amended to reflect the increase in the authorised share capital of our Company from ₹ 100,000 comprising 1,000 equity shares of face value ₹ 100 each to ₹ 1,000,000 comprising 10,000 equity shares of face value ₹ 100 each.

Date of Shareholders' Resolution	Particulars
February 11, 1988	Clause V of the Memorandum of Association was amended to reflect the increase in the authorised share capital of our Company from ₹ 1,000,000 comprising 10,000 equity shares of face value ₹ 100 each to ₹ 2,000,000 comprising 20,000 equity shares of face value ₹100 each.
August 16, 1991	Clause V of the Memorandum of Association was amended to reflect the increase in the authorised share capital of our Company from ₹ 2,000,000 comprising 20,000 equity shares of face value ₹ 100 each to ₹ 2,500,000 comprising 25,000 equity shares of face value ₹ 100 each.
September 5, 1994	Clause V of the Memorandum of Association was amended to reflect the increase in the authorised share capital of our Company from ₹ 2,500,000 comprising 25,000 equity shares of face value ₹ 100 each to ₹ 20,000,000 comprising 200,000 equity shares of face value ₹ 100 each.
November 15, 1997	Clause V of the Memorandum of Association was amended to reflect the increase in the authorised share capital of our Company from ₹ 20,000,000 comprising 200,000 equity shares of face value ₹ 100 each was increased to ₹ 50,000,000 comprising 500,000 equity shares of face value ₹ 100 each.
August 27, 2001	Clause I of the Memorandum of Association was amended to reflect the change in name of our Company from Harsha Engineers Private Limited to Harsha Engineers Limited.
February 22, 2007	Clause V of the Memorandum of Association was amended to reflect the increase in the authorised share capital of our Company from of ₹ 50,000,000 comprising 200,000 equity shares of face value ₹ 100 each to ₹ 150,000,000 comprising 15,000,000 equity shares of face value ₹ 10 each.
December 27, 2007	Clause III(C) of the Memorandum of Association was amended to add Clause 16 in the Objects Clause, as set forth: "*To commence the activity of hedging of foreign exchange transactions, commodity transactions, equity transactions by way of various tools such as forwards, futures, options/derivative trading, etc and other related transactions as the Directors may think fit.*"
February 2, 2009	Clause III(C) of the Memorandum of Association was amended to add Clause 17 in the Objects Clause, as set forth: "*To carry on, manage, supervise and control the business of transmitting, manufacturing, supplying, generating distributing and dealing in electricity and all forms of energy and power generated by any source whether nuclear, steam, hydro or tidal, water, wind solar, hydrocarbon fuel or any other form, kind or description.* "
January 9, 2012	Clause III(B) of the Memorandum of Association was amended and the altered Clause 3 in the Objects Clause, as set forth: "*To guarantee the payment of money secured or unsecured by or payable under or in respect of any promissory notes, bonds, debenture stocks, contracts, mortgages, charges, obligations, instruments and securities of any company or of any authority, central, state, municipal, local or of any person whomsoever whether incorporated or not incorporated and generally to guarantee or become sureties for the performance of any contracts or obligations of any person, firm or company and to guarantee the repayment of loan with interest availed from Financial institution/s, Banks, Private Financiers, availed by any person, company, firm, society, trust or body corporate including subsidiaries, associates and other related parties.*"
March 3, 2014	Clause III(B) of the Memorandum of Association was amended and the altered Clause 2 in the Objects Clause, as set forth: "*To lend monies (including by way of loans, advances and other credit facilities) to any person, firm, association of persons, company, trust or organization, to guarantee the performance and obligations, pecuniary or otherwise of any person, firm, association of persons, company, trust or organization (including issuing any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form) and/or to provide security (including by way of any mortgage, pledge, lien, charge, assignment, hypothecation or other encumbrance or any other type of preferential arrangement) for and behalf of any person, firm, association of persons, company, trust or organization.*"
October 31, 2017	The Objects Clause of the Memorandum of Association of our Company was amended to align the same with the provisions of Companies Act, 2013.
June 27, 2018	Clause V of the Memorandum of Association was amended to reflect the increase in the authorised share capital of our Company from of ₹ 150,000,000 comprising 15,000,000 equity shares of face value ₹ 10 each to ₹ 350,000,000 comprising 35,000,000 equity shares of face value ₹ 10 each.

Major events and milestones in relation to our Company

The table below sets forth the key events in the history of our Company:

Year	Major Milestones
2003	Establishment of a 100% Export oriented Unit (EOU) at Moraiya, Ahmedabad
2010	Established of a new production facility in Changshu, Jiangsu province, China
2012	Installed large size bearing cage machinery with capacity 1,000 tonne at Changodar, Ahmedabad

Year	Major Milestones
2014	Acquisition of BecoTek Precision Bearing Components (Suzhou) Co. Ltd., located at Suzhou, Jiangsu province, China
2016	Acquisition of Johnson Metal SRL located at Brasov, Romania

Awards and Recognition

The table below sets forth the awards received by our Company and recognition bestowed upon our Company:

Fiscal	Particulars
2005	Our Company was awarded the "Best Performing Vendor" by Fag Bearing Limited
2005	Our Company was awarded "Star Performer Shield 2005-2006" in the medium enterprises category by the Engineering Export Promotion Council of India, Western Region
2006	Our Company was awarded "Star Performer Shield 2006-2007" in the large enterprises category by the Engineering Export Promotion Council of India, Western Region
2008	Our Company was awarded SARA, Gujarat Glories "Most Trusted Companies of 2008" award
2008	Our Company was awarded Tata Bearings Supplier Convention "Winner 2008" award in the raw material and fixed based operator category.
2008	Our Company was awarded Engineering Exports Promotion Council India "Award for Star Performer in 2008-2009" in the bearings, gears, gearing, driving elements in the large enterprise category[1]
2010	Our Company was awarded Timken "Excellence in Environment Management Systems" award
2010	Our Company was awarded Timken "Best Supplier" award
2010	Our Company was awarded Timken "Excellence in On-time Delivery" award
2011	Our Company was awarded Timken "Best Overall Supplier" award
2011	Our Company was recognized as "Esteemed Partner" by National Engineers Industries Limited
2011	Our Company was awarded Timken "Excellence in Continuous Improvement and Innovation" award
2013	Our Company was awarded Schaeffler "Supplier of the Year" award
2013	Our Company was awarded NTN Development Award for "Best Supplier of Year 2013"
2014	Our Company was awarded National Engineering Industries Limited Supplier Performance "Best in Class" award in the most responsive category
2015	Our Company was awarded Schaeffler India Supplier Meet "Best Localisation Support"
2015	Our Company was awarded Highly Electrical Appliance India Private Limited "Best Make in India Support" Partner award
2015	Our Company was awarded National Engineering Industries Limited "Direct on Line Supplier" award in the pressed steel component category
2015	Our Company was awarded Automotive Component Manufacturers Association of India, Gujarat Zone "3rd Position" in the 2nd Low Cost Automation Competition category
2016	Our Company was awarded Highly Electrical Appliance India Private Limited "Best Strategic Partner" award
2016	Our Company was awarded National Engineering Industries Limited Supplier Performance "Best in Class" award in the quality, cost and delivery category
2016	Our Company received ISO 50001:2011 certification for achieving energy management system
2016	Our Company was awarded Umbra Group "Supplier of the Year Award 2016" in the standard parts and components category
2016	Our Company was awarded Timken Vriddhi "Overall Best Performance" award
2016	Our Company was awarded Automotive Component Manufacturers Association of India, Western Region "Best Practices: Competition Gujarat Zone- Second Position" award under the low cost automation category
2016	Our Company was awarded "Winner – 2nd Prize" at the 5th TPM Circle Competition
2017	Our Company was awarded National Engineering Industries Limited Supplier Performance "Best in Class" award in the pressed components category
2018	Our Company was awarded JTEKT "Supplier Performance Award" for efforts in maintaining best quality
2018	Our Company was awarded Timken "Best Supplier of the Year – 2018" award

[1] *Also received in calendar years 2010, 2011, 2012, 2013 and 2014.*

Corporate Profile of our Company

For details in relation to our corporate profile including details of our business, geographical presence, growth, competition, products, suppliers, customers, capacity build-up, technology, and managerial competence, see "*Our Business*", "*Our Management*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Government and Other Approvals*" on pages 112, 140, 321 and 350, respectively.

Our Holding Company

As on the date of this Draft Red Herring Prospectus, our Company does not have a holding company.

Our Subsidiary

As of the date of this Draft Red Herring Prospectus, our Company has six Subsidiaries. For details regarding our Subsidiaries, see "*Our Subsidiaries*" on page 136.

Capital raising activities through equity or debt

For details regarding our capital raising activities through equity or debt as applicable, see "*Capital Structure*" and "*Financial Indebtedness*" on pages 62 and 319, respectively.

Injunctions or restraining order against our Company

As of the date of this Draft Red Herring Prospectus, there are no injunctions or restraining orders against our Company.

Details regarding acquisition of business/undertakings, mergers, amalgamations and revaluation of assets

Except for the acquisition of BecoTek Precision Bearing Components (Suzhou) Co. Ltd., located at Suzhou, Jiangsu province, China in 2014 and acquisition of Johnson Metal SRL located at Brasov, Romania in 2016, our Company has not acquired any business or undertaking, for further details, see "*Our Business*" beginning on page 112. Further, except as stated below, our Company has not undertaken any merger, amalgamation or revaluation of assets:

Scheme of arrangement involving our Company

Amalgamation of Rollers and Retainers Private Limited and Harsha Components Private Limited, with our Company, sanctioned by the High Court of Gujarat, pursuant an order dated October 21, 1997 and effective on April 1, 2016. Pursuant to this scheme, the entire undertaking and all the properties, rights and powers of every description of Harsha Components Private Limited and Rollers and Retainers Private Limited were transferred to and vested in or were deemed to be transferred to and vested in our Company. Accordingly, as part of the scheme 200 fully paid up equity shares of ₹100 each of our Company were issued for every 100 fully paid up equity shares each held by members of Harsha Components Private Limited and 270 fully paid up equity shares of ₹100 each of our Company were issued for every 100 fully paid up equity shares each held by members of Retainers Private Limited.

Defaults or rescheduling of borrowings with financial institutions/ banks and conversion of loans in equity

Except for the breach of a financial covenant in relation to maintenance of stipulated net worth in one of our Company's subsidiary with respect to financing facilities availed from Citi Bank N.A, for which Citi Bank N.A, on July 10, 2018 has condoned the breach after accepting the necessary explanation given by the Company, there have been no defaults or rescheduling of borrowings with financial institutions/ banks in respect of our Company's borrowings. Further, none of our Company's outstanding loans have been converted into equity.

Strikes and lockouts

There have been no strikes or lockouts at any of the production facilities of our Company.

Time and cost overruns

Our Company has faced not faced any time or cost overruns.

Changes in the activities of our Company during the five years preceding the date of the Draft Red Herring Prospectus which may have had a material effect on the profits / losses of our Company

There have been no changes in the activities undertaken by our Company during a period of five years prior to the date of this Draft Red Herring Prospectus which may have had a material effect on the profits or loss of our Company or which may have significantly affected our business including discontinuance of lines of business, loss of agencies or markets and similar factors.

Guarantees, if any, issued by promoters offering their equity shares in terms of the offer for sale

As on the date of this Draft Red Herring Prospectus, no guarantee has been issued by Promoters offering their Equity Shares in terms of the Offer for Sale.

Financial and strategic partners

Our Company does not have any financial or strategic partners as of the date of this Draft Red Herring Prospectus.

OUR SUBSIDIARIES

Unless otherwise specified, all information in this section is as of the date of this Draft Red Herring Prospectus. Our Company has the following Subsidiaries:

A. ***Indian Subsidiaries*:**

1. Aastha Tools Private Limited; and
2. Harsha Engineers (India) Private Limited.

B. ***Foreign Subsidiaries*:**

1. Harsha Engineers Components (Changshu) Co. Ltd.;
2. Harsha Precision Bearing Components (China) Co. Ltd.;
3. Harsha Engineers B.V; and
4. Harsha Engineers Europe SRL.

Details of our Subsidiaries:

1. ***Indian Subsidiaries*:**

(i) **Aastha Tools Private Limited** ("**ATPL**")

Corporate Information:

ATPL was incorporated on August 5, 2002 under the Companies Act, 1956, having its registered office situated at Plot no. 388/A, Changodar Industrial Estate, Sarkhej Bavla Road, Changodar, Ahmedabad 382 213. ATPL is a private limited company registered with the Registrar of Companies and is authorised to engage in the business of *inter alia* manufacturing, selling, repairing, dealing and distributing various types of tools, components, and general purpose machinery.

Capital Structure:

The capital structure of ATPL is as follows:

Particulars	Number of equity shares of face value ₹ 100 each
Authorised capital	20,000
Issued, subscribed and paid-up equity share capital	20,000

Shareholding Pattern:

The shareholding pattern of ATPL is as follows:

Sr. No.	Name of the shareholders	Number of equity shares of face value ₹ 100 each	Shareholding (%)
1.	Harsha Engineers Limited	19,995	99.98
2.	Rajendra Shantilal Shah*	1	Negligible
3.	Pilak Rajendra Shah*	1	Negligible
4.	Hetal Brijesh Ukani*	1	Negligible
5.	Harish Ranjit Rangwala*	1	Negligible
6.	Vishal Rangwala*	1	Negligible
Total		20,000	100.00

** On behalf of and as nominees of our Company.*

(ii) **Harsha Engineers (India) Private Limited** ("**HEIPL**")

Corporate Information:

HEIPL was incorporated on July 17, 2008 under the Companies Act, 1956, having its registered office situated at Plot No. 388, Sarkhej-Bavla Road, P.O. Changodar, Ahmedabad 382 213. HEIPL is a private limited company registered with the Registrar of Companies and is authorised to engage in the business of *inter alia* manufacturing, trading, import and export of cages, retainers or precision components of ball and roller bearings, bearing retainers for wind turbines, gear boxes, sheet metals, plastic and brass precision components for automotive, automobile and solar energy industries for export and/ or domestic use and other allied activities.

Capital Structure:

The capital structure of HEIPL is as follows:

Particulars	**Number of equity shares of face value ₹ 100 each**
Authorised capital	1,000,000
Issued, subscribed and paid-up equity share capital	10,000

Shareholding Pattern:

The shareholding pattern of HEIPL is as follows:

Sr. No.	**Name of the shareholders**	**Number of equity shares of face value ₹ 100 each**	**Shareholding (%)**
1.	Harsha Engineers Limited	9,994	99.94
2.	Rajendra Shantilal Shah*	1	0.01
3.	Pilak Rajendra Shah*	1	0.01
4.	Hetal Brijesh Ukani*	1	0.01
5.	Harish Ranjit Rangwala*	1	0.01
6.	Vishal Rangwala*	1	0.01
7.	Munjal Rangwala*	1	0.01
Total		10,000	100.00

** On behalf of and as nominees of our Company.*

2. ***Foreign Subsidiaries*****:**

(i) **Harsha Engineers Components (Changshu) Co. Limited** ("**HECCCL**")

Corporate Information**:**

HECCCL was incorporated on April 7, 2010, as a private company under the Company Law of the People's Republic of China ("**Chinese Company Law**"), having its registered office situated at Building 25, Maqiao Industrial Square, Changshu Economic Development Zone, Changshu, Jiangsu, China - 215 536. HECCCL is registered with the Administration for Market Regulation of Changshu and is licensed by Changshu Industrial and Commercial Bureau. HECCCL is involved in the business of manufacturing and developing engineering components.

Capital Structure:

The registered share capital and paid-up equity share capital of HECCCL is USD $ 3,699,976, respectively.

Shareholding Pattern:

Our Company holds 100% of the registered share capital of HECCCL.

(ii) **Harsha Precision Bearing Components (China) Co. Ltd.** ("**HPBCCCL**")

Corporate Information**:**

HPBCCCL was incorporated on March 30, 2008, as a private company under the Company Law of the People's Republic of China ("**Chinese Company Law**"), having its registered office situated at Building 25, Maqiao Industrial Square, Changshu Economic Development Zone, Changshu, Jiangsu, China - 215 536. HPBCCCL is registered with the Administration for Market Regulation of Changshu and is licensed by Changshu Industrial and Commercial Bureau. HPBCCCL is involved in the business of manufacturing and developing engineering components. HPBCCCL has initiated the process for relocation of its existing facility closer to Harsha Engineers Components (Changshu) Co. Ltd. For further details in relation to such relocation, see "*Our Business - Our Production Facilities*" beginning on page 123.

Capital Structure:

The registered share capital of HPBCCCL is USD $ 22,000,000 respectively and the paid-up equity share capital of HPBCCCL is USD $ 20,194,490.

Shareholding Pattern:

Our Company holds 100% of the registered share capital of HPBCCL.

(iii) **Harsha Engineers B.V** ("**HEBV**")

***Corporate Information*:**

HEBV was incorporated on December 23, 2015, as a private company with limited liability and was registered on December 24, 2015 in the Trade Register of the Chamber of Commerce under number 64816737 and is validly existing under the jurisdiction of Netherlands. It has its corporate seat in Amsterdam, and offices at Strawinskylaan 937, 1077 XX Amsterdam. HEBV is permitted to carry on the business of the following: (i) to invest and to participate in any way whatsoever; (ii) to manage enterprises of any nature; (iii) to finance third parties, to grant security and to render guarantees and to bind the company on behalf of debts of others; (iv) to lend and to borrow money, including the issuance of bonds, debentures and other security papers and to enter into related agreements; (v) to provide advice and render services to third parties; (vi) to obtain, alienate, manage and to exploit real estate and other items of registered property; (vii) to trade currencies and securities and assets in general; (viii) to exploit and to trade patents, marks, licenses, know-how and other intellectual rights of property; (ix) to perform all kind of industrial, financial and commercial activities; and (x) to do all that is connected therewith or may be conducive thereto, all this to be interpreted in the widest sense, in accordance with its articles of association and the applicable rules and regulations.

Capital Structure:

The total share capital of HEBV is € 3 million divided into 600 shares with the par value of € 5,000.

Shareholding Pattern:

Our Company holds 100% of the registered share capital of HEBV.

(iv) Harsha Engineers Europe SRL (“HEESRL”)

***Corporate Information*:**

HEESRL (formerly known as M/s Johnson Metal S.A.) was incorporated on April 18, 2006, as a private company pursuant to the Law 31/1990 issued by the Romanian Parliament, with its registered office situated at ICCO Ghimbav, Romania – Brasov Industrial Park”, County Road 103C, km 2+115, building H4. HEESRL is involved in production activities and manufactures a variety of brass products for industrial use. HEESRL is registered with the Trade Registry of Romania, County Brasov and is licensed by means of self-declaration according to Law 359/2004, and has the necessary approvals to undertake the business mentioned above. Our Company through HEBV, holds 1,277,371 shares of HEESRL.

Capital Structure:

The capital structure of HEESRL is as follows:

Particulars	Number of equity shares of 10 Ron each
Authorised capital	1,277,373
Issued, subscribed and paid-up share capital	1,277,373

Shareholding Pattern:

The shareholding pattern of HEESRL is as follows:

Sr. No.	Name of the shareholders	Number of shares of 10 Ron each	Shareholding (%)
1.	Harsha Engineers B.V	1,277,371	99.99
2.	Rajendra Shantilal Shah	1	Negligible
3.	Harish Ranjit Rangwala	1	Negligible
Total		1,277,373	100.00

Accumulated Profits or Losses of our Subsidiaries

There are no accumulated profits or losses of any of our Subsidiaries, not accounted for, by our Company.

Interest of the Subsidiaries in our Company

Other than ATPL, HECCCL, HPBCCCL and HEESRL, none of our Subsidiaries have any business interest in our Company.

Material Transactions

There are no sales or purchases between our Company, our Subsidiaries and Group Companies where such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of our Company. Our Company does not have any associate companies.

Common Pursuits

Our Subsidiaries conduct business similar to that conducted by our Company. Our Company has adopted necessary procedures and practices as permitted by law to address any conflicting situations as and when they arise.

Other Confirmations

(i) There are no accumulated profits or losses of our Subsidiaries, which are not accounted for by our Company.

(ii) Except as disclosed in "*Our Business*" and "*Related Party Transactions*", beginning on pages 112 and 164, respectively, our Subsidiaries, do not have any business interest in our Company.

(iii) None of our Subsidiaries are listed in India or abroad nor have any of our Subsidiaries been refused listing by any stock exchange in India or abroad.

(iv) None of our Subsidiaries have made any public or rights issue in the three years preceding the date of this Draft Red Herring Prospectus.

(v) None of our Indian Subsidiaries have become a sick company under the meaning of SICA or declared insolvent or bankrupt under the Insolvency and Bankruptcy Code, 2016. None of our foreign Subsidiaries have been declared insolvent or bankrupt under the respective applicable laws. Further, none of our Subsidiaries are under winding up.

(vi) None of our Directors, their relatives and our Promoters and members of our Promoter Group have sold or purchased securities of our Subsidiaries, during the six months preceding the date of this Draft Red Herring Prospectus.

(vii) None of our Subsidiaries hold any Equity Shares in our Company.

OUR MANAGEMENT

In terms of the Articles, our Company is required to have not less than three Directors and not more than 15 Directors. As on the date of this Draft Red Herring Prospectus, our Board comprises nine Directors, including four Whole Time Directors, one non-executive Director and three Additional Independent Directors and one Independent Director who is also the Chairman of our Company. Set forth are details regarding our Board:

Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
Jitendra Ujamsi Mamtora *Designation*: Independent Director and Chairman *Address:* 2, Ashwavilla Society Part - II, Rajpath Rangoli Road, Thaltej, Ahmedabad 380 054 *Occupation:* Business *Nationality:* Indian *Term:* For a period of five years with effect from July 28, 2014 *DIN:* 00139911	72	• Transformers & Rectifiers (India) Limited.
Harish Ranjit Rangwala *Designation:* Managing Director *Address:* 1, Ashwavilla Society Part - II, Off. Sindhu Bhavan Road, P.O.Thaltej, Ahmedabad 380 045 *Occupation:* Business *Nationality:* Indian *Term:* Appointed as the Managing Director of our Company for a period of three years with effect from August 1, 2017 until July 31, 2020. *DIN:* 00278062	69	• Harsha Engineers (India) Private Limited; • Harsha Abakus Solar Private Limited; • Harsha Renewable Energy Private Limited; • Harsha Precision Bearing Components (China) Co. Ltd.; • Harsha Engineers B.V.; • Harsha Engineers Europe SRL; • First Light Solar Private Limited; • Helianthus Solar Power Private Limited • Transformers & Rectifiers (India) Limited; and • Daylight Solar Private Limited.
Rajendra Shantilal Shah *Designation:* Whole Time Director and Chief Executive Officer *Address:* C/289, Manekbaug Society, Ambawadi, Ahmedabad 380 015 *Occupation:* Business *Nationality:* Indian *Term:* Appointed as the Whole Time Director of our Company for a period of three years with effect from August 1, 2017 until July 31, 2020 *DIN:* 00061922	70	• AIA Engineering Limited; • Welcast Steels Limited; • Harsha Engineers (India) Private Limited; • Harsha Renewable Energy Private Limited; • Harsha Abakus Solar Private Limited; • Transformers & Rectifiers (India) Limited; and • Dishman Carbogen Amcis Limited.
Vishal Rangwala *Designation*: Whole Time Director and Chief Operating Officer *Address:* 1, Ashwavilla Society Part - II, Off. Sindhu Bhavan Road, P.O.Thaltej, Ahmedabad 380 045 *Occupation:* Business *Nationality:* American *Term:* Appointed as the Whole Time Director of our Company for a period of three years with effect from August 1, 2017 until July 31, 2020. *DIN:* 02452416	40	• Aastha Tools Private Limited; • Harsha Engineers (India) Private Limited; • Harsha Renewable Energy Private Limited; • Harsha Precision Bearing Components (China) Co. Ltd.; and • Hues Hub Online Private Limited.
Pilak Rajendra Shah *Designation*: Whole Time Director and Chief Financial Officer *Address:* 289/C, Manekbaug Society, Ambawadi, Ahmedabad 380 015	36	• Aastha Tools Private Limited; • Harsha Abakus Solar Private Limited; • Harsha Renewable Energy Private Limited

Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
Occupation: Business *Nationality:* Indian *Term:* Appointed as the Whole Time Director for a period three years from June 18, 2018 until June 17, 2021 *DIN:* 00407960		• Harsha Engineers Components (Changshu) Company Limited; • Harsha Precision Bearing Components (China) Co. Ltd.; • Harsha Engineers B.V; and • Harsha Engineers Europe SRL.
Munjal Rangwala *Designation*: Non-executive Director *Address:* 1, Ashwavilla Society Part - II, Off. Sindhu Bhavan Road, P.O.Thaltej, Ahmedabad 380 045 *Occupation:* Business *Nationality:* American *Term:* Liable to retire by rotation *DIN:* 03033699	36	• Harsha Abakus Solar Private Limited; • Harsha Renewable Energy Private Limited; • First Light Solar Private Limited; • Helianthus Solar Power Private Limited; • Daylight Solar Private Limited; and • Ecotrail Personal Care Private Limited.
Ambar Jayantilal Patel *Designation*: Additional Independent Director *Address:* 15, Sagar Society, opposite Shakti Enclave, Judges Bunglow Road, Ahmedabad 380 054 *Occupation:* Business *Nationality:* Indian *Term:* Until the ensuing Annual General Meeting with effect from August 10, 2018 *DIN:* 00050042	64	• Shilp Gravures Limited; • Stylus Infrastructure Private Limited; • Shilp Ultratech Private Limited; and • C D Commodities Broking Limited.
Neharika Vohra *Designation*: Additional Independent Director *Address:* House number 413, IIM Campus, Vastrapur, Ahmedabad 380 015 *Occupation:* Professional *Nationality:* Indian *Term:* Until the ensuing Annual General Meeting with effect from August 10, 2018 *DIN:* 06808439	51	• Zee Entertainment Enterprises Limited; • Star Union Dai-Ichi Life Insurance Company Limited; • CIIE Initiatives; • CIIE Advisors Private Limited; and • CIIE Regional Innovation Foundation.
Kunal Dilipbhai Shah *Designation*: Additional Independent Director *Address:* 218 Sevasadan Sushil Park, near Sunrise Park, Vastrapur, Ahmedabad 380 054 *Occupation:* Professional *Nationality:* India *Term:* Until the ensuing Annual General Meeting with effect from August 10, 2018 *DIN:* 02087152	40	• DCPL Foundries Limited; and • Paramount Centrispun Castings Private Limited.

Arrangement or understanding with major shareholders, customers, suppliers or others

There is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any of our Directors was appointed on the Board.

Relationship between our Directors

Except Rajendra Shantilal Shah whose son is Pilak Rajendra Shah and Harish Ranjit Rangwala, whose sons are Vishal Rangwala and Munjal Rangwala, none of our Directors are related to each other.

Brief biographies of Directors

Jitendra Ujamsi Mamtora, aged 72 years, is an Independent Director and the Chairman of our Company. He holds a bachelor's degree in electrical engineering from Jalpaiguri Government Engineering College. In the year 1981, he started Transformers & Rectifiers (India) Limited and has been associated with it as one of its directors since 1994. He is also an Executive Council member of Indian Electrical & Electronics Manufacturers' Association ("**IEEMA**") and has been associated with the IEEMA as one of its directors for a period of four years. He has over 35 years of experience in the manufacturing industry.

Harish Ranjit Rangwala, aged 69 years, is the Managing Director of our Company in terms of Section 196 of the Companies Act, 2013. He holds a bachelor's degree in Mechanical Engineering from Lukhdhirji Engineering College, Morbi. He has been associated with our Company since incorporation of our Company and is currently responsible for materials procurement, information technology, human resources and general administration of our Company. He has 32 years of experience in the precision engineering and auto-component manufacturing sector.

Rajendra Shantilal Shah, aged 70 years, is the Whole Time Director and the Chief Executive Officer of our Company. He holds a bachelor's degree in Mechanical Engineering from Lukhdhirji Engineering College, Morbi. He was awarded the AMA-Atlas Dycechem "Outstanding Entrepreneur of the Year Award 2001" by the Ahmedabad Management Association. He has been associated with our Company since incorporation of our Company and is responsible for finance and technology functions of our Company. He has 32 years of experience in the precision engineering and auto-component manufacturing sector.

Vishal Rangwala, aged 40 years, is the Whole Time Director and Chief Operating Officer of our Company. He holds a bachelor's degree in mechanical engineering from the University of Pune. He further holds a master's degree in engineering management from the University of Southern California. In 2005, he was appointed as a senior staff analyst at United Service – a division of United Airlines. Thereafter he joined our Company on September 3, 2007, as a manager for strategic marketing and is currently responsible for the operations and global marketing of our Company. He has over 10 years of experience in the precision engineering and auto-component manufacturing sector.

Pilak Rajendra Shah, aged 36 years, is the Whole Time Director and the Chief Financial Officer of our Company. He holds a bachelor's degree in mechanical engineering from Gujarat University. He further holds a master's degree in integrated manufacturing systems engineering from North Carolina State University. Thereafter he joined our Company on January 3, 2006, as a manager for resource management and is currently responsible for the finance function of our Company. He has over 10 years of experience in the precision engineering and auto-component manufacturing sector.

Munjal Rangwala, aged 36 years, is the Non-executive Director of our Company. He has completed bachelors of engineering in mechanical engineering from Gujarat University, Ahmedabad. He completed his master's degree in industrial engineering from A&M University, Texas, USA. He worked as consultant at Accenture, USA from 2005 to 2008. He has been associated with our Company since 2009 as a Director. He has over seven years of experience in the renewable energy industry.

Ambar Jayantilal Patel, aged 64 years, is the Additional Independent Director of our Company. He holds a bachelor's degree in mechanical engineering from Gujarat University. He has served as the managing director of Shilp Gravures Limited since October 29, 1993. He has also been associated with Re Equipments Private Limited and HMSU Rollers (India) Private Limited as a director. He has over 14 years of experience in the engraving and chemical industry.

Neharika Vohra, aged 51 years, is the Additional Independent Director of our Company. She holds a bachelor's degree in Psychology from Shushilavati Khosla D.A.V. College for women, Rourkela, a postgraduate degree in arts and doctorate in Psychology from The University of Manitoba. Currently, she teaches organizational behaviour at IIM Ahmedabad as a full time faculty. She has previously served as an assistant professor at Xavier Institute of Management, Bhubaneswar, for a period of approximately four years. She has over 20 years of experience in teaching and research with respect to organizational behaviour.

Kunal Dilipbhai Shah, aged 40 years, is the Additional Independent Director of our Company. He holds bachelor's degree in engineering (chemical) from Nirma Institute of Technology, Gujarat and holds a degree of Master of Science in information systems from Stevens Institute of Technology, USA. He has been associated with AIA Engineering Limited as an executive director, since December 2002. He has over 15 years of experience in the financial industry.

Confirmations

None of our Directors is, or was a director of any listed company during the last five years preceding the date of this Draft Red Herring Prospectus, whose shares have been, or were suspended from being traded on the BSE or the NSE.

None of our Directors is, or was a director of any listed company which has been, or was delisted from any recognised stock exchange during the terms of their directorship in such company.

None of our Directors have been identified as wilful defaulters in terms of the SEBI Regulations.

None of our Directors have committed any violation of securities laws in the past and no such proceedings, initiated by SEBI or otherwise, are pending against any Director. Except as disclosed in "*Outstanding Litigation and Material Developments*" beginning on page 344, no proceedings/investigations have been initiated by SEBI against any company, the board of directors of which also comprise of any of the Directors of our Company. No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which they are interested by any person either to induce such director to become, or to help such director to qualify as a Director, or otherwise for services rendered by him/ her or by the firm or company in which he/ she is interested, in connection with the promotion or formation of our Company.

Terms of appointment of Executive Directors

1. Harish Ranjit Rangwala

Harish Ranjit Rangwala is currently the Managing Director of our Company and has been appointed as the Managing Director of our Company for a period of three years with effect from August 1, 2017 until July 31, 2020, pursuant to the Board resolution and Shareholders resolution on June 29, 2017 and July 24, 2017, respectively. Pursuant to the Shareholders resolution dated July 24, 2017, Harish Ranjit Rangwala is entitled to a remuneration of ₹ 3.85 million per annum along with commission or bonus as approved by the Board and Shareholder of the Company, provided that such commission or bonus is in compliance with the provisions of the Companies Act, 2013. Further, he is entitled to perquisites and allowances including the following perquisites and allowances:

Sr. No.	Remuneration	Details
1.	Basic Salary	₹ 2.62 million per annum
2.	Others	₹ 1.23 million per annum
3.	Perquisites	• Two chauffer driven cars which shall be maintained by our Company • Mobile expenses • Leave encashment • Superannuation schemes, term insurance, gratuity, as per the prevailing rules of our Company

2. Rajendra Shantilal Shah

Rajendra Shantilal Shah is currently the Whole Time Director and the Chief Executive Officer of our Company and has been re-appointed for a period of three years with effect from August 1, 2017 until July 31, 2020, pursuant to the Board resolution and Shareholders resolution on June 29, 2017 and July 24, 2017, respectively. Our board of directors in its meeting held on July 23, 2018 approved the appointment of Rajendra Shantilal Shah as the Chief Executive Officer of our Company with effect from August 10, 2018. Pursuant to the Shareholders resolution dated July 24, 2017, Rajendra Shantilal Shah is entitled to a remuneration of ₹ 3.85 million per annum along with commission or bonus as approved by the Board and Shareholder of the Company, provided that such commission or bonus is in compliance with the provisions of the Companies Act, 2013. Further, he is entitled to perquisites and allowances including the following perquisites and allowances:

Sr. No.	Remuneration	Details
1.	Basic Salary	₹ 2.62 million per annum
2.	Others	₹ 1.23 million per annum
3.	Perquisites	• Two chauffer driven cars which shall be maintained by our Company • Mobile expenses • Leave encashment • Superannuation schemes, term insurance, gratuity, as per the prevailing rules of our Company

3. Vishal Rangwala

Vishal Rangwala is currently the Whole Time Director and Chief Operating Officer of our Company and has been appointed as a Whole Time Director of our Company for a period of three years with effect from August 1, 2017 until July 31, 2020, pursuant to the Board resolution and Shareholders resolution on June 29, 2017 and July 24, 2017, respectively. Further, our board of directors in its meeting held on June 25, 2018 approved the appointment of Vishal Rangwala as the Chief Operating Officer of our Company. Pursuant to the Shareholders resolution dated July 24, 2017, Vishal Rangwala is entitled to a remuneration of ₹ 4.48 million per annum along with commission or bonus as approved by the Board and Shareholder of the Company, provided that such commission or bonus is in compliance with the provisions of the Companies Act, 2013. Further, he is entitled to perquisites and allowances including the following perquisites and allowances:

Sr. No.	Remuneration	Remuneration up to July 31, 2017 (₹ in million)	Remuneration with effect from August 1, 2017 (₹ in million)
1.	Basic Salary	₹ 2.40 million per annum	₹ 3.05 million per annum
2.	Others	₹ 1.13 million per annum	₹ 1.43 million per annum
3.	Perquisites	• A chauffer driven car, maintained by our Company • Mobile expenses • Leave encashment • Superannuation, term insurance, gratuity, as per the prevailing rules of our Company	• A chauffer driven car, maintained by our Company • Mobile expenses • Leave encashment • Superannuation, term insurance, gratuity, as per the prevailing rules of our Company

4. Pilak Rajendra Shah

Pilak Rajendra Shah is currently the Whole Time Director and Chief Financial Officer of our Company. Our board of directors in its meeting held on June 25, 2018 and our Shareholders in their general meeting held on June 27, 2018, approved the appointment of Pilak Rajendra Shah as the Whole time Director and Chief Financial Officer of our Company. Pursuant to the Shareholders resolution dated July 24, 2017 Pilak Rajendra Shah was entitled to a remuneration of ₹ 0.60 million until July 31, 2017 and ₹ 1.53 million, with effect from August 1, 2017 along with commission or bonus as approved by the Board and Shareholder of the Company, provided that such commission or bonus is in compliance with the provisions of the Companies Act, 2013. Additionally, Pursuant to the Shareholders resolution dated June 27, 2018 Pilak Rajendra Shah is entitled to a remuneration of ₹ 4.48 million with effect from June 18, 2018, along with commission or bonus as approved by the Board and Shareholder of the Company, provided that such commission or bonus is in compliance with the provisions of the Companies Act, 2013. Further, his entitlement for perquisites and allowances are set forth:

Sr. No.	Remuneration	Remuneration up to July 31, 2017 (₹ in million)	Remuneration with effect from August 1, 2017 (₹ in million)	Remuneration with effect from June 18, 2018 (₹ in million)
1.	Basic Salary	₹ 0.60 million per annum	₹ 1.37 million per annum	₹ 3.05 million per annum
2.	Others	NIL	NIL	NIL
3.	Perquisites	• A chauffer driven car, maintained by our Company • Mobile expenses • Superannuation, term insurance, gratuity, as per the prevailing rules of our Company	• A car maintained by our Company • Mobile expenses • Superannuation, term insurance, gratuity, as per the prevailing rules of our Company	• A car maintained by our Company • Mobile expenses • Superannuation, term insurance, gratuity, as per the prevailing rules of our Company

Payment or benefit to Directors of our Company

With effect from August 14, 2018, each Independent Director including each Additional Independent Director is entitled to receive sitting fees to the extent of ₹ 20,000 for attending each meeting of the Board. The travel expenses for attending meetings of the Board or a committee thereof, site visits and other Company related expenses are borne by our Company, from time to time. During Fiscal 2018, our Directors were not entitled to receive any sitting fees from our Company for attending meetings of the Board or any of its committees.

1. Remuneration to Executive Directors:

The remuneration paid to the Executive Directors during Fiscal 2018 are set forth in the table below:

Sr. No.	Name of the Director	Remuneration* (In ₹ million)
1.	Harish Ranjit Rangwala	18.85
2.	Rajendra Shantilal Shah	27.05
3.	Vishal Rangwala	19.16
4.	Pilak Rajendra Shah	4.64

** Inclusive of commission paid to such Director in accordance with provisions of the Companies Act.*

2. *Remuneration to Independent Directors and Additional Independent Directors:*

With effect from August 14, 2018, each Independent Director including each Additional Independent Director is entitled to receive sitting fees to the extent of ₹ 20,000 for attending each meeting of the Board. During Fiscal 2018, our Independent Directors were not entitled to receive any sitting fees from our Company, for attending meetings of the Board or any of its committees.

3. Except as set forth, no remuneration has been paid or is payable by our Subsidiaries and Associates to our Directors:

(i) Harsha Engineers Europe SRL

Set forth are the details of the remuneration payable to Pilak Rajendra Shah by HEESRL:

Sr. No.	Remuneration	Remuneration with effect from June 15, 2017
1.	Basic Salary	192,000 RON per annum
2.	Others	Tax amounting to 44,160 RON to be paid on behalf Pilak Rajendra Shah, per annum
3.	Perquisites	• A car worth maintained by HEESRL • Electricity bill/utilities, mobile expenses and house rent • House rent • Travelling reimbursement expenses for India (with family including his son and spouse), subject to two trips annually • Superannuation, term insurance, gratuity, as per the prevailing rules of our Company

(ii) Harsha Engineers B.V

Set forth are the details of the remuneration payable to Pilak Rajendra Shah by HEBV from August 1, 2016 until June 14, 2017, subsequent to which no remuneration was payable to Pilak Rajendra Shah by HEBV:

Sr. No.	Remuneration	Particulars
1.	Basic Salary	Euros 50,880
2.	Others	Vacation allowance of Euros 4,070

Except as disclosed in "*Related Party Transactions*" on page 164, none of the sundry debtors of our Company or beneficiaries of loans and advances are related to our Directors.

Shareholding of Directors in our Company

As per our Articles, our Directors are not required to hold any qualification Equity Shares. Except as set forth, none of our Directors hold any Equity Shares in our Company, as of the date of filing this Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholder	No. of Equity Shares	% of total Share-holding
1.	Harish Ranjit Rangwala	3,602,696	14.96
2.	Rajendra Shantilal Shah	3,605,396	14.97
3.	Vishal Rangwala	1,920,000	7.97
4.	Pilak Rajendra Shah	2,400,000	9.97
5.	Munjal Rangwala	2,400,000	9.97

Appointment of relatives of our Directors to any office or place of profit

Except for Hetal Brijesh Ukani who is an employee of our Company and currently the Senior Manager - Designs and is daughter of Rajendra Shantilal Shah and sister of Pilak Rajendra Shah, none of the relatives of our Directors currently hold any office or place of profit in our Company.

Interest of Directors

All Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of our Board or a committee thereof, to the extent of other remuneration and reimbursement of expenses payable to them under our Articles, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

None of our Directors have any interest in any property acquired by our Company two years prior to the date of this Draft Red Herring Prospectus, or proposed to be acquired by our Company.

Except as disclosed in this Draft Red Herring Prospectus, our Directors have no interest in the promotion of our Company.

Except as stated in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Risk Factors*" and "*Related Party Transactions*" on pages 321, 13 and 164 respectively, and to the extent of shareholding in our Company, as disclosed, our Directors do not have any other interest in our business.

Except as disclosed in this Draft Red Herring Prospectus, no amount or benefit has been paid or given within the two years preceding the date of filing of this Draft Red Herring Prospectus or is intended to be paid or given to any of our Directors.

Except as stated in "*Related Party Transactions*" on page 164 and described herein to the extent of shareholding in our Company, our Directors do not have any other interest in our business.

No loans have been availed by the Directors or Key Management Personnel from our Company.

Other than as disclosed under "*- Terms of appointment of Executive Directors*" and "*- Payment or Benefit to Directors of our Company*" beginning on pages 143 and 144, respectively, none of the Directors are parties to any bonus or profit sharing plan of our Company.

Except as disclosed in "*Related Party Transactions*" on page 164, none of the beneficiaries of loans, and advances and sundry debtors are related to the Directors of our Company. Further, except in respect of statutory benefits upon termination of their employment in our Company or on retirement, no officer of our Company, including our Directors and the Key Management Personnel have entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment.

Changes in the Board in the last three years

Name	Date of appointment/cessation*	Reason for change
Dhirajlal Chunilal Bhatt	With effect from November 10, 2015	Ceased to be an Independent Director
Hetal Brijesh Ukani	With effect from March 7, 2018	Ceased to be a Director
Dilip Jayantilal Sanghvi	With effect from August 10, 2018	Ceased to be an Independent Director
Rajendra Shantilal Shah	With effect from August 10, 2018	Ceased to be Chairman
Jitendra Ujamsi Mamtora	With effect from August 10, 2018	Appointed as Chairman
Ambar Jayantilal Patel	With effect from August 10, 2018	Appointed as an Additional Independent Director
Neharika Vohra	With effect from August 10, 2018	Appointed as an Additional Independent Director
Kunal Dilipbhai Shah	With effect from August 10, 2018	Appointed as an Additional Independent Director

**Does not include regularisation by the Shareholders or change in designation.*

Borrowing Powers of Board

Pursuant to our Articles, subject to applicable laws, our Board has been authorised to borrow sums of money with or without security, which together with the monies borrowed by our Company (apart from the temporary loans obtained, or to be obtained from our Company's bankers in the ordinary course of business) shall not exceed the aggregate of the paid up capital of our Company and its free reserves (not being reserves set apart for any specific purpose). The Board, by resolution dated June 25, 2018, and our Shareholders at their meeting on June 27, 2018 revised the borrowing power of the Committee of Directors to ₹10,000 million.

Corporate Governance

The Corporate Governance provisions of the Listing Regulations will be applicable to us immediately upon listing of the Equity Shares on the Stock Exchanges. We are in compliance with the requirements of applicable regulations, including the Listing Regulations, the Companies Act to the extent applicable and the SEBI Regulations, in respect of corporate governance including constitution of the Board and committees thereof, and formulation and adoption of policies. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board committees, as required under law.

Our Board has been constituted in compliance with the Companies Act 2013, the Listing Regulations and in accordance with best practices in corporate governance. The Board functions either as a full board, or through various committees constituted to oversee specific operational areas. The executive management of our Company provides the Board detailed reports on its performance periodically.

Committees of the Board

In addition to the committees of the Board set forth, our Board may, from time to time, constitute committees for various functions.

Audit Committee

The members of the Audit Committee are:

1. Jitendra Ujamsi Mamtora, *Chairman;*

2. Harish Ranjit Rangwala, *member*;

3. Pilak Rajendra Shah, *member*;

4. Ambar Jayantilal Patel, *member*; and

5. Kunal Dilipbhai Shah, *member*.

The Audit Committee was constituted by a meeting of the Board held on March 23, 2009 and re-constituted with effect from August 14, 2018 by a meeting of the Board held on July 23, 2018. The terms of reference of the Audit Committee were revised pursuant to Board resolution July 23, 2018. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act and the Listing Regulations, and its terms of reference include the following:

a) Overseeing our Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

b) Recommending to the Board, the appointment, remuneration, and terms of appointment of the statutory auditor of our Company;

c) Reviewing and monitoring the statutory auditor's independence and performance and the effectiveness of audit process;

d) Approving payments to the statutory auditors for any other services rendered by statutory auditors;

e) Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

    (i) Matters required to be stated in the Director's responsibility statement to be included in the Board's report in terms of Section 134(3)(c) of the Companies Act;

    (ii) Changes, if any, in accounting policies and practices and reasons for the same;

    (iii) Major accounting entries involving estimates based on the exercise of judgment by management;

    (iv) Significant adjustments made in the financial statements arising out of audit findings;

    (v) Compliance with listing and other legal requirements relating to financial statements;

    (vi) Disclosure of any related party transactions; and

    (vii) Modified opinion(s) in the draft audit report.

f) Reviewing with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

g) Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use/application of the funds raised through the Fresh Issue;

h) Scrutinizing inter-corporate loans and investments;

i) Valuing of undertakings or assets of our Company, wherever it is necessary;

j) Evaluating of internal financial controls and risk management systems;

k) Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;

l) Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;

m) 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;

n) Discussing with internal auditors on any significant findings and follow up thereon;

o) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

p) Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

q) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

r) Reviewing the functioning of the whistle blower mechanism, in case the same is existing;

s) Approving the appointment of the chief financial officer after assessing the qualifications, experience and background, etc. of the candidate; and

t) Carrying out any other functions as provided under the Companies Act, the Listing Regulations and other applicable laws.

The powers of the Audit Committee include the following:

a) To investigate activity within its terms of reference;

b) To seek information from any employees;

c) To obtain outside legal or other professional advice; and

d) To secure attendance of outsiders with relevant expertise, if it considers necessary.

The Audit Committee shall mandatorily review the following information:

a) Management discussion and analysis of financial condition and result of operations;

b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;

c) Management letters/letters of internal control weaknesses issued by the statutory auditors;

d) Internal audit reports relating to internal control weaknesses;

e) The appointment, removal and terms of remuneration of the chief internal auditor; and

f) Statement of deviations:

   (i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations; and

   (ii) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the Listing Regulations.

The Audit Committee is required to meet at least four times in a year, and not more than 120 days are permitted to elapse between two meetings in accordance with the terms of the Listing Regulations.

Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are:

1. Jitendra Ujamsi Mamtora, *Chairman*;

2. Munjal Rangwala, *member*; and

3. Neharika Vohra, *member*.

The Nomination and Remuneration Committee was constituted by a meeting of the Board held on March 23, 2009 and reconstituted with effect from August 14, 2018 by our Board at their meeting held on July 23, 2018. The terms of reference of the Nomination and Remuneration Committee were revised pursuant to Board resolution dated July 23, 2018. The scope and functions of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act and the Listing Regulations. The terms of reference of the Nomination and Remuneration Committee include:

a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

b) Formulation of the criteria for evaluation of independent directors and the Board;

c) Devising a policy on Board diversity;

d) Identify persons who are qualified to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;

e) Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

f) Analysing, monitoring and reviewing various human resource and compensation matters;

g) Determining our Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;

h) Determine compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;

i) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

j) Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

k) Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:

    (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; or

    (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.

l) Performing such other activities as may be delegated by the Board and/or specified/provided under Companies Act, 2013 and the SEBI Listing Regulations or by any regulatory authority.

Stakeholders' Relationship Committee

The members of the Stakeholders' Relationship Committee are:

1. Munjal Rangwala, *Chairman;*

2. Ambar Jayantilal Patel, *member*; and

3. Vishal Rangwala, *member*.

The Stakeholders' Relationship Committee was constituted with effect from August 14, 2018 by our Board at their meeting held on July 23, 2018. The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act and the Listing Regulations. The terms of reference are as follows:

a) Consider and resolve grievances of shareholders of the Company, including complaints related to the transfer of shares, non-receipt of annual report and non-receipt of declared dividends, etc.;

b) Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;

c) Issue of duplicate certificates and new certificates on split/consolidation/renewal; and

d) Carrying out any other function as prescribed under the Listing Regulations, Companies Act and the rules and regulations made thereunder, each as amended or other applicable law.

Corporate Social Responsibility Committee

The members of the Corporate Social Responsibility Committee are:

1. Rajendra Shantilal Shah, *Chairman;*

2. Harish Ranjit Rangwala, *Member*; and

3. Ambar Jayantilal Patel, *Member*.

The Corporate Social Responsibility Committee was constituted by our Board at their meeting held on January 21, 2015 and reconstituted with effect from August 14, 2018 by the Board at their meeting held on July 23, 2018. The terms of reference of the Corporate Social Responsibility Committee were revised pursuant to Board resolution dated July 23, 2018. The terms of reference of the Corporate Social Responsibility Committee of our Company include the following:

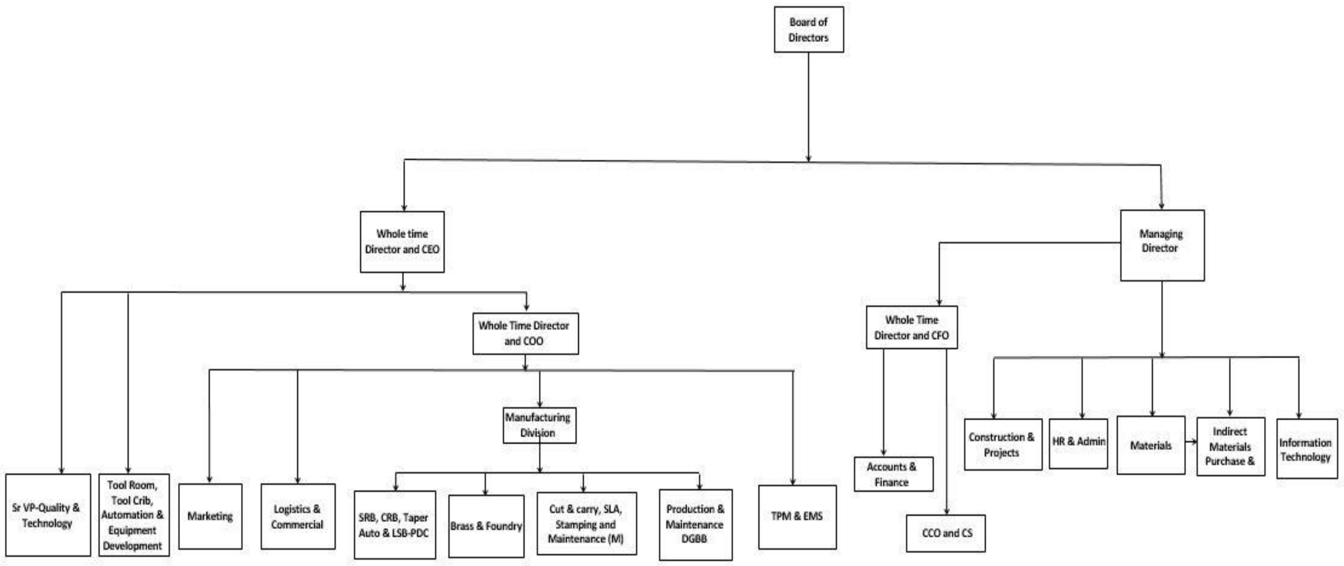
a) To formulate and recommend to the Board the corporate social responsibility policy of our Company, indicating the corporate social responsibility activities to be undertaken;

b) To recommend the amount of expenditure to be incurred on corporate social responsibility activities;

c) To monitor the corporate social responsibility policy of our Company and its implementation by our Company from time to time; and

d) To perform such other functions or responsibilities and exercise such other powers as may be conferred upon the Corporate Social Responsibility Committee in terms of Section 135 of the Companies Act, 2013 and the rules framed thereunder.

Management Organisation Chart



Key Management Personnel

For details of our Key Management Personnel, namely Rajendra Shantilal Shah, Harish Ranjit Rangwala, Vishal Rangwala, and Pilak Rajendra Shah see "*– Brief biographies of Directors*" on page 141. The details of other Key Management Personnel of our Company are set forth below:

Mechanda Ramesh, aged 69 years, was associated with our company from April 8, 2002 and is currently the Senior Vice President – Quality and Technology of our Company. He holds a bachelor's degree in law at University of Poona in the year 1979, diploma in quality management at National Centre of Quality Management, Mumbai in the year 1993. He has successfully attend a comprehensive workshop on QS 9000 Audit and Certification, in the year 1996, at Pune. He has further successfully completed APQP and Process Review Training, held in SKF Bearings India Limited at Pune, held in the year 1998. He has over 15 years of experience in the manufacturing industry. He is currently responsible for the quality assurance function of our Company. During Fiscal 2018, he was paid gross compensation of ₹ 4.12 million.

Kiran Mohanty, aged 35, was appointed as the Company Secretary of our Company with effect from July 2, 2015 and the Chief Compliance Officer of our Company with effect from June 25, 2018 and shall also serve as the Compliance Officer for the Offer. He holds a bachelor's degree in commerce (Honours Course) from Delhi University, in the year 2006. He further holds a post graduate diploma in applied corporate finance from the Maharaja Sayajirao University of Baroda and is a qualified Company Secretary from the Institute of Company Secretaries of India. He has over nine years of experience as a company secretary. Prior to joining our Company, he has been previously associated with Claris Injectables Limited, John Energy Limited, Sanghvi Forging and Engineering Limited and Siemens Healthcare Diagnostic Limited. During Fiscal 2018, he was paid gross compensation of ₹ 1.08 million.

Except as disclosed under "*-Relationship between our Directors*", none of the Key Management Personnel are related to each other.

All the Key Management Personnel are permanent employees of our Company.

Shareholding of Key Management Personnel

Except as disclosed below, none of our Key Management Personnel hold any Equity Shares in our Company.

Name of Key Management Personnel	Number of Equity Shares held	Percentage shareholding (%)
Harish Ranjit Rangwala	3,602,696	14.96
Rajendra Shantilal Shah	3,605,396	14.97
Vishal Rangwala	1,920,000	7.97
Pilak Rajendra Shah	2,400,000	9.97
Munjal Rangwala	2,400,000	9.97

Bonus or profit sharing plans

None of the Key Management Personnel are party to any bonus or profit sharing plan of our Company other than the performance linked incentives given to Key Management Personnel.

Interests of Key Management Personnel

Apart from Rajendra Shantilal Shah, Harish Ranjit Rangwala, Vishal Rangwala, Pilak Rajendra Shah and Munjal Rangwala, who are interested as Promoters and Directors, none of the Key Management Personnel do have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them in the ordinary course of business. The Key Management Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of Equity Shares held by them in our Company, if any.

Except for the perquisites that our Directors are entitled to from our Company and the perquisites that Pilak Rajendra Shah is entitled to by HEBV and HEESRL, none of the Key Management Personnel have been paid any consideration of any nature from our Company or Subsidiary on whose rolls they are employed, other than their remuneration.

Arrangement or understanding with major Shareholders, customers, suppliers or others

Further, there is no arrangement or understanding with the major Shareholders, customers, suppliers or others, pursuant to which any Key Management Personnel was selected as member of senior management.

Changes in the Key Management Personnel

The changes in the Key Management Personnel in the last three years are as follows:

Name	Date of change	Reason for change
Harshendra Punjawat	January 28, 2018	Resigned as the Chief Financial Officer
Vishal Rangwala	June 25, 2018	Appointed as the Chief Operating Officer
Harish Ranjit Rangwala	June 25, 2018	Appointed as the Chief Executive Officer
Kiran Mohanty	June 25, 2018	Appointed as the Chief Compliance Officer
Pilak Rajendra Shah	With effect from June 25, 2018	Appointed as the Chief Financial Officer
Harish Ranjit Rangwala	With effect from August 10, 2018	Ceased being the Chief Executive Officer
Rajendra Shantilal Shah	With effect from August 10, 2018	Appointed as the Chief Executive Officer

Payment or Benefit to officers of our Company

No amount or benefit has been paid or given or is intended to be paid or given to any of our Company's employees including the Key Management Personnel within the two years preceding the date of filing of this Draft Red Herring Prospectus.

OUR PROMOTERS AND PROMOTER GROUP

Our Promoters

The Promoters of our Company are:

1. Harish Ranjit Rangwala;
2. Rajendra Shantilal Shah;
3. Vishal Rangwala;
4. Pilak Rajendra Shah; and
5. Munjal Rangwala.

As on date of this Draft Red Herring Prospectus, our Promoters hold, in aggregate, 13,928,092 Equity Shares, constituting 57.83% of the issued, subscribed and paid-up Equity Share capital of our Company.

Details of our Promoters

Harish Ranjit Rangwala is one of the Promoter of our Company. He is a resident of India. For further details, see "*Our Management*", beginning on page 140.

The driving licence number of Harish Ranjit Rangwala is GJ0120000307331 and voter identification number is GJ/11/064/1056805.

Rajendra Shantilal Shah is one of the Promoter of our Company. He is a resident of India. For further details, see "*Our Management*", beginning on page 140.

The driving licence number of Rajendra Shantilal Shah is GJ0119850012498 and voter identification number is IIE2684843.

Vishal Rangwala is one of the Promoter of our Company. He is a tax resident of India. For further details, see "*Our Management*", beginning on page 140.

The driving licence number of Vishal Rangwala is GJ01/169691/0, and being an American citizen, Vishal Rangwala does not hold a valid voter identification number in India.

Pilak Rajendra Shah is one of the Promoter of our Company. He is a resident of India. For further details, see "*Our Management*", beginning on page 140.

The driving licence number of Pilak Rajendra Shah is GJ0120000402766 and voter identification number is IIE2684835.

Munjal Rangwala is one of the Promoter of our Company. He is a tax resident of India. For further details, see "*Our Management*", beginning on page 140.

The driving licence number of Munjal Rangwala is GJ0120000402767 and being an American citizen, Vishal Rangwala does not hold a valid voter identification number in India.

Our Company confirms that the PAN, passport number and bank account number of each of our Promoters will be submitted to the Stock Exchanges at the time of submission of this Draft Red Herring Prospectus to them.

Interest of Promoters in promotion of our Company

Our Promoters are interested in our Company to the extent that they have promoted our Company and to the extent of their respective shareholding in our Company and our Subsidiaries (as applicable) and the dividends payable, if any, and any other distributions in respect of such shareholding.

For details regarding the shareholding of our Promoters in our Company and our Subsidiaries, see "*Capital Structure*", "*Our Subsidiaries*" and "*Our Management*", beginning on pages 62, 136 and 140, respectively. For details on the Group Companies and the nature and extent of interest of our Promoters in the Group Companies, see the "*Group Companies*", beginning on page 156.

Interests of Promoters in property of our Company

Our Promoters are not interested in the properties acquired or proposed to be acquired by our Company in the two years preceding the date of this Draft Red Herring Prospectus, or in any transaction by our Company for the acquisition of land, construction of building or supply of machinery.

Business Interests

Except as stated in "*Related Parties Transactions*" and "*Our Management*" beginning on pages 164 and 140, respectively, our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Red Herring Prospectus or proposes to enter into any such contract in which our Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them.

Other than our Subsidiaries, our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by our Company.

Except for Charusheela Harish Rangwala, Zaverben Ranjeet Rangwala, Vaishali Shah, Krina Rajendra Shah, Mili Yashpal Mehta, Jyotsnaben Shah, Hetal Brijesh Ukani, Rajendra Shantilal Shah (HUF) and Harish Rangwala (HUF) who have advances deposits to our Company in accordance with provisions of Companies Act, 2013, our Promoters are not related to any sundry debtors of our Company or beneficiaries of any loans and advances.

Except as disclosed in this Draft Red Herring Prospectus, our Promoters are not interested as a member of a firm or company, and no sum has been paid or agreed to be paid to our Promoters or to such firm or company in cash or shares or otherwise by any person for services rendered by him or by such firm or company in connection with the promotion or formation of our Company.

Payment or Benefits to Promoters

Except as stated in "*Related Party Transactions*", "*Financial Statements*" and "*Our Management*" beginning on page 164, 166 and 140, respectively, about the related party transactions entered into during the last five Fiscals, there has been no payment or benefit to our Promoters or Promoter Group during the two years prior to the filing of this Draft Red Herring Prospectus nor is there any intention to pay or give any benefit to our Promoters or Promoter Group as on the date of this Draft Red Herring Prospectus.

Companies with which our Promoters have disassociated in the last three years

Our Promoters have not disassociated themselves from any company or firm during three years preceding this Draft Red Herring Prospectus.

Change in the management and control of our Company

Our Promoters are the original promoters of our Company and there has not been any change in the management or control of our Company.

Guarantees

Our Promoters have not given any guarantee to a third party as of the date of this Draft Red Herring Prospectus.

Confirmations

Our Promoters and members of our Promoter Group have not been declared nor identified as wilful defaulters in terms of the SEBI Regulations.

Further, there are no violations of securities laws committed by our Promoters and members of our Promoter Group in the past and no proceedings for violation of securities laws are pending against them.

Our Promoters and members of our Promoter Group, have not been debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Our Promoters and members of our Promoter Group are not and have never been promoters, directors or person in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Our Promoters are not interested in any entity which holds any intellectual property rights that are used by our Company.

Our Promoters have not taken any unsecured loans which may be recalled by the lenders at any time.

Promoter Group

The following individuals and entities constitute our Promoter Group in terms of Regulation 2(1)(zb) of the SEBI Regulations.

Natural persons who are part of our Promoter Group

The following table sets forth details of the natural persons who are part of our Promoter Group (due to their relationship with our Promoters):

Name of the Individual Promoter	Name of the Relative	Relationship with the Promoter
Harish Ranjit Rangwala	Charusheela Harish Rangwala	Spouse
	Zaverben Ranjeet Rangwala	Mother
	Vishal Rangwala	Son
	Munjal Rangwala	Son
	Tanvi Vishal Rangwala	Spouse of son
	Mauli Pratapbhai Teli	Spouse of son
	Narshinhram Anandji Pandhi	Father of spouse
	Manibai Narshinhram	Mother of spouse
	Sharadchandra Pandhi	Brother of spouse
	Yash Pandhi	Brother of spouse
	Harish Pandhi	Brother of spouse
Rajendra Shantilal Shah	Nirmala Rajendra Shah	Spouse
	Shantilal Shah	Father
	Hiraben Shah	Mother
	Pilak Rajendra Shah	Son
	Krina Rajendra Shah	Daughter
	Hetal Brijesh Ukani	Daughter
	Mili Yashpal Mehta	Daughter
	Chinubhai Shah	Brother
	Kanubhai Shantilal Shah	Brother
	Vaishali Shah	Spouse of son
	Yashpal M. Mehta	Spouse of daughter
	Babulal Virchand Shah	Father of spouse
	Manguben Babulal Shah	Mother of spouse
	Jyotsnaben Shah	Sister of spouse
Munjal Rangwala	Mauli Pratapbhai Teli	Spouse
	Harish Ranjit Rangwala	Father
	Charusheela Harish Rangwala	Mother
	Vishal Rangwala	Brother
	Pratapbhai Mukundbhai Teli	Father of spouse
	Grishma Pratapbhai Teli	Mother of spouse
	Pinaben Pratapbhai Teli	Sister of spouse
Pilak Rajendra Shah	Vaishali Shah	Spouse
	Rajendra Shantilal Shah	Father
	Nirmala Rajendra Shah	Mother
	Rag Shah	Son
	Krina Rajendra Shah	Sister
	Hetal Brijesh Ukani	Sister
	Mili Yashpal Mehta	Sister
	Pramodkumar Chandulal Shah	Father of spouse
	Bhavanaben Pramodchandra Shah	Mother of spouse
	Vaibhavi P. Shah	Sister of Spouse
Vishal Rangwala	Tanvi Vishal Rangwala	Spouse
	Harish Ranjit Rangwala	Father
	Charusheela Harish Rangwala	Mother
	Tarana Rangwala	Daughter
	Munjal Rangwala	Brother
	Rameshbhai Gafurbhai Shah	Father of spouse
	Purnima Rameshbhai Shah	Mother of spouse

Entities forming part of our Promoter Group

1. Harsha Abakus Solar Private Limited;
2. Harsha Renewable Energy Private Limited;
3. Daylight Solar Private Limited;
4. Helianthus Solar Power Private Limited;
5. First Light Solar Private Limited;
6. Harish Rangwala (HUF);
7. Ecotrail Personal Care Private Limited;
8. Rajendra Shantilal Shah (HUF); and
9. Hues Hub Online Private Limited.

GROUP COMPANIES

In terms of the SEBI Regulations and pursuant to the resolution of our Board at its meeting held on August 10, 2018, 'group companies' shall mean and include only those companies and entities which constitute the list of related parties of our Company, pursuant to the relevant accounting standards as per its restated standalone financial statements for Fiscal 2018 and other companies considered material by our Board.

Pursuant to the aforesaid resolution of our Board, for the purpose of disclosure in relation to the Offer, a company shall be considered material and disclosed as a Group Company if it forms part of the related parties, as specified within the Restated Consolidated Financial Statements for Fiscals ended 2014, 2015, 2016, 2017 and 2018 and continue to be related parties, as specified within the Restated Consolidated Financial Statements as of and for Fiscal 2018, entities (i) which have entered into one or more transactions with the Company, which are outside the normal course of the Company's business and such transactions individually or in the aggregate equal to or exceed 5% of the total revenue of the Company as per the Restated Standalone Financial Statements as of and for the most recent completed fiscal, i.e. Fiscal 2018; (ii) which are not covered as related parties as mentioned above; and (iii) in which the Company or its promoters holds 10% or more of the share capital.

Accordingly, in terms of the policy adopted by our Board for determining group companies, we have set forth the details of our Group Companies. Our Board has also approved that, as on the date of the aforesaid resolution, there are no other group companies of our Company other than the companies disclosed below:

1. Harsha Renewable Energy Private Limited;

2. Harsha Abakus Solar Private Limited;

3. Daylight Solar Private Limited;

4. First Light Solar Private Limited;

5. Helianthus Solar Power Private Limited;

6. Ecotrail Personal Care Private Limited; and

7. Hues Hub Online Private Limited.

The details of our Group Companies are provided below:

1. Harsha Abakus Solar Private Limited

Corporate Information

Harsha Abakus Solar Private Limited ("**Harsha Abakus**") was incorporated as a private limited company on December 11, 2010 under the Companies Act, 1956. Its registered office is at NH-8A, Sarkhej – Bavla Highway, Changodar Ahmedabad 382 213. Harsha Abakus is engaged in the business of execution of projects using solar photovoltaic technology, including polycrystalline and thin film materials. Harsha Abakus also undertakes projects wherein photovoltaic solar material can be integrated in the building material itself, being building integrated photovoltaic.

Interest of our Promoters

Set forth are details of the shareholding of our Promoters (directly and indirectly through the Promoter Group) in Harsha Abakus:

Sr. no.	Name	No. of equity shares of face value ₹ 10 each	Percentage of total equity holding (%)
1.	Harish Ranjit Rangwala	1,999,900	10.00
2.	Rajendra Shantilal Shah	2,999,850	15.00
3.	Nirmala Rajendra Shah	2,999,850	15.00
4.	Vaishali Shah	499,975	2.50
5.	Krina Rajendra Shah	499,975	2.50
6.	Mili Yashpal Mehta	499,975	2.50
7.	Charusheela Harish Rangwala	1,999,900	10.00
8.	Munjal Rangwala	2,999,850	15.00
9.	Vishal Rangwala	2,999,850	15.00
10.	Hetal Brijesh Ukani	499,975	2.50
11.	Pilak Rajendra Shah	1,999,900	10.00
Total		**19,999,000**	**99.99**

For further details with respect to interest of Harish Ranjit Rangwala, Munjal Rangwala, Pilak Rajendra Shah and Rajendra Shantilal Shah, see "- *Other Confirmations"* beginning on page 162.

Financial Performance

The financial information derived from the last three audited financial results of Harsha Abakus for the Fiscals 2018, 2017 and 2016, which have been prepared as per the applicable accounting standards, are set forth below:

(Figures in ₹ million except per share data)

Particulars	Fiscals		
	2018	**2017**	**2016**
Equity capital	200.00	200.00	200.00
Reserves and surplus (excluding revaluation reserves)	87.99	22.26	31.60
Sales/Turnover*	4,439.45	951.95	2,444.73
Profit/(Loss) after tax	65.73	(9.34)	29.17
Net Worth	287.99	222.26	231.60
Earnings per share (Basic)	3.29	(0.47)	2.15
Earnings per share (Diluted)	3.29	(0.47)	2.15
Net asset value per share	14.40	11.11	11.58

**Excluding other income*

There are no significant notes of the auditors in relation to the aforementioned financial statement.

2. Ecotrail Personal Care Private Limited

Corporate Information

Ecotrail Personal Care Private Limited ("**Ecotrail**") was incorporated as a private limited company on November 24, 2015, under the Companies Act, 2013. Its registered office is at Plot No: 8-8, Sanket Estate – 2, Nr. Sanand Highway Road, Sanand, Moraiya Ahmedabad 382 213. Ecotrail is engaged in the business of, *inter alia,* research and development, manufacturing, trading, merchandising, retailing, consulting, sourcing, marketing, sale and distribution of and in relation to various cosmetic products and personal care products including but not limited to soaps (non-medicated) toilet preparations, bath and shower preparations, skin care preparations such as oils, creams and lotions for the skin, hair care products such as shampoos, conditioners, hair oil, hair serums, hair packs, hair masks, hair colors and dyes, henna, hair creams, hand sanitizers, shaving preparations (pre-shave and after-shave preparations), depilatory preparations, sun-tanning and sun protection preparations, color cosmetics (make-up and make-up removing preparations), petroleum jelly, lip care preparations, talcum powder, beauty masks, facial packs, perfumes, deodorants, roll-ons, body mists, etc. and their raw materials, intermediates, plant and equipment.

Interest of our Promoters

Set forth are details of the shareholding of our Promoters (directly and indirectly through the Promoter Group) in Ecotrail:

Sr. no.	Name	No. of equity shares of face value ₹ 10 each	Percentage of total equity holding (%)
1.	Mauli Pratapbhai Teli	2,002,500	14.29
2.	Grishma Pratap Teli	2,002,500	14.29
3.	Pratapbhai Mukundbhai Teli	2,002,500	14.29
4.	Munjal Rangwala	2,002,500	14.29
Total		8,010,000	57.16

Financial Performance

The financial information derived from the last three audited financial results of Ecotrail for the Fiscals 2018, 2017 and 2016, which have been prepared as per the applicable accounting standards, are set forth below:

(Figures in ₹ million except per share data)

Particulars	Fiscals		
	2018	**2017**	**2016***
Equity capital	80.10	80.10	0.10
Reserves and surplus (excluding revaluation reserves)	(111.99)	(61.67)	(0.04)
Sales/Turnover**	37.94	25.17	-
Profit/(Loss) after tax	(50.32)	(61.64)	(0.04)
Net worth***	(31.99)	18.43	0.06

Particulars	Fiscals		
	2018	2017	2016*
Earnings per share (Basic)	(6.28)	(14.46)	(3.80)
Earnings per share (Diluted)	(6.28)	(14.46)	(3.80)
Net asset value per share	(3.99)	2.30	6.20

**from date of incorporation of Ecotrail to March 31, 2016*

***Excluding other income*

****Excluding preference capital*

There are no significant notes of the auditors in relation to the aforementioned financial statement.

3. Harsh Renewable Energy Private Limited

Corporate Information

Harsha Renewable Energy Private Limited ("**Harsha Renewable**") was incorporated as a private limited company on November 26, 2012, under the Companies Act, 1956. Its registered office is at Plot No. 388, Sarkhej Bavla Road, P.O. Changodar, Ahmedabad 382 213. Harsha Renewable is engaged in the business of developing solar power parks, solar power projects and undertaking solar engineering, procurement and construction contracts along with providing complete rooftop and ground mounted solar power project.

Interest of our Promoters

Set forth are details of the shareholding of our Promoters in Harsha Renewable:

Sr. no.	Name	No. of equity shares of face value ₹ 10 each	Percentage of total equity holding (%)
1.	Harish Ranjit Rangwala	1,000	10.00
2.	Rajendra Shantilal Shah	1,500	15.00
3.	Munjal Rangwala	3,000	30.00
4.	Vishal Rangwala	1,000	10.00
5.	Pilak Rajendra Shah	3,500	35.00
Total		10,000	100.00

For further details with respect to interest of Harish Ranjit Rangwala and Munjal Rangwala, see "- *Other Confirmations"* beginning on page 162.

Financial Performance

The financial information derived from the last three audited financial results of Harsha Renewable for the Fiscals 2018, 2017 and 2016, which have been prepared as per the applicable accounting standards, are set forth below:

(Figures in ₹ million except per share data)

Particulars	Fiscals		
	2018	2017	2016
Equity capital	0.10	0.10	0.10
Reserves and surplus (excluding revaluation reserves)	(0.34)	(0.31)	(0.28)
Sales/Turnover*	-	-	-
Profit/(Loss) after tax	(0.03)	(0.03)	(0.03)
Net Worth	(0.24)	(0.21)	(0.18)
Earnings per share (Basic)	(3.12)	(3.26)	(3.41)
Earnings per share (Diluted)	(3.12)	(3.26)	(3.41)
Net asset value per share	(24.49)	(21.37)	(18.12)

**Excluding other income*

There are no significant notes of the auditors in relation to the aforementioned financial statements.

4. Daylight Solar Private Limited

Corporate Information

Daylight Solar Private Limited ("**Daylight Solar**") was incorporated as a private limited company on March 27, 2015 under the Companies Act, 2013. Its registered office is at NH – 8A, Sarkhej – Bavla Highway, Changodar, Ahmedabad 382 213. Daylight Solar is engaged in the the business of developing solar power parks, solar power projects and undertaking solar engineering, procurement and construction contracts along with providing complete roof top and ground mounted solar power projects.

Interest of our Promoters

Set forth are details of the shareholding of our Promoters in Daylight Solar:

Sr. no.	**Name**	**No. of equity shares of face value ₹ 10 each**	**Percentage of total equity holding (%)**
1.	Harish Ranjit Rangwala	10,000	50.00
2.	Munjal Rangwala	10,000	50.00
Total		20,000	100.00

For further details with respect to interest of Harish Ranjit Rangwala and Munjal Rangwala, see "- *Other Confirmations"* beginning on page 162.

Financial Performance

The financial information derived from the last three audited financial results of Daylight Solar for the Fiscals 2018, 2017 and 2016, which have been prepared as per the applicable accounting standards, are set forth below:

(Figures in ₹ million except per share data)

Particulars	**Fiscals**		
	2018	**2017**	**2016**
Equity capital	0.20	0.20	0.20
Reserves and surplus (excluding revaluation reserves)	(0.05)	(0.04)	(0.02)
Sales/Turnover*	-	-	-
Profit/(Loss) after tax	(0.01)	(0.01)	(0.02)
Net Worth	0.15	0.16	0.18
Earnings per share (Basic)	(0.65)	(0.65)	(1.24)
Earnings per share (Diluted)	(0.65)	(0.65)	(1.24)
Net asset value per share	7.46	8.11	8.76

**Excluding other income*

There are no significant notes of the auditors in relation to the aforementioned financial statements.

5. First Light Solar Private Limited

Corporate Information

First Light Solar Private Limited ("**First Light Solar**") was incorporated as a private limited company on March 30, 2015, under the Companies Act, 1956. Its registered office is at NH – 8A, Sarkhej – Bavla Highway, Changodar, Ahmedabad 382 213. First Light Solar is engaged in the business of development of solar power parks, solar power projects and also undertaking solar engineering, procurement and construction contracts.

Interest of our Promoters

Set forth are details of the shareholding of our Promoters in First Light Solar:

Sr. no.	**Name**	**No. of equity shares of face value ₹ 10 each**	**Percentage of total equity holding (%)**
1.	Harish Ranjit Rangwala	10,000	50.00
2.	Munjal Rangwala	10,000	50.00
Total		20,000	100.00

For further details with respect to interest of Munjal Rangwala, see "- *Other Confirmations"* beginning on page 162.

Financial Performance

The financial information derived from the last three standalone audited financial results of First Light Solar for the Fiscals 2018, 2017 and 2016, which have been prepared as per the applicable accounting standards, are set forth below:

(Figures in ₹ million except per share data)

Particulars	**Fiscals**		
	2018	**2017**	**2016**
Equity capital	0.20	0.20	0.20
Reserves and surplus (excluding revaluation reserves)	(0.05)	(0.04)	(0.02)
Sales/Turnover*	-	-	-

Particulars	Fiscals		
	2018	2017	2016
Profit/(Loss) after tax	(0.01)	(0.01)	(0.02)
Net Worth	0.15	0.16	0.18
Earnings per share (Basic)	(0.65)	(0.65)	(1.24)
Earnings per share (Diluted)	(0.65)	(0.65)	(1.24)
Net asset value per share	7.46	8.11	8.76

**Excluding other income*

There are no significant notes of the auditors in relation to the aforementioned financial statements.

6. Helianthus Solar Power Private Limited

Corporate Information

Helianthus Solar Power Private Limited ("**Helianthus Solar**") was incorporated as a private limited company on March 27, 2015 under the Companies Act, 2013. Its registered office is at NH – 8A, Sarkhej – Bavla Highway, Changodar, Ahmedabad 382 213. Helianthus Solar is engaged in the business of development of solar power parks, solar power projects and also undertaking solar engineering, procurement and construction contracts along with providing complete roof top and ground mounted solar power projects.

Interest of our Promoters

Harsh Abakus Solar Private Limited holds 20,000 equity shares bearing face value of ₹ 10 each cumulatively amounting to 100% of the total issued and paid up equity share capital of Helianthus Solar. For details of our Promoters interest in Harsha Abakus Solar Private Limited see "*Harsha Abakus Solar Private Limited – Interest of our Promoters*" beginning on page 156. For further details with respect to interest of Harish Ranjit Rangwala and Munjal Rangwala, see "- *Other Confirmations*" beginning on page 162.

Financial Performance

The financial information derived from the last three audited financial results of Helianthus Solar for the Fiscals 2018, 2017 and 2016, which have been prepared as per the applicable accounting standards, are set forth below:

(Figures in ₹ million except per share data)

Particulars	Fiscals		
	2018	2017	2016
Equity capital	0.20	0.20	0.20
Reserves and surplus (excluding revaluation reserves)	(0.05)	(0.04)	(0.02)
Sales/Turnover*	-	-	-
Profit/(Loss) after tax	(0.01)	(0.01)	(0.02)
Net Worth	0.15	0.16	0.18
Earnings per share (Basic)	(0.65)	(0.65)	(1.24)
Earnings per share (Diluted)	(0.65)	(0.65)	(1.24)
Net asset value per share	7.46	8.11	8.76

**Excluding other income*

There are no significant notes of the auditors in relation to the aforementioned financial statements.

7. Hues Hub Online Private Limited

Corporate Information

Hues Hub Online Private Limited ("**Hues Hub Online**") was incorporated as a private limited company on January 24, 2018, under the Companies Act, 2013. Its registered office is at 1, Ashwavilla Bungalows Part-2, off. Sindhu Bhavan Road, Thaltej, Ahmedabad 380 059. Hues Hub Online is involved in the business of carrying on in India or outside India the business of an online print studio to make/design personalized photo-based products as per the convenience of customers including providing facility to order such products online and deliver the photo-based products to the customers and to sell customized commercial printed products on merchandise such as business cards, business cards upload image, engraved pens, business card holders, letterheads, notebooks, envelopes, stamps, notepads, diaries and organizers, address labels, prescriptions, medical certificates, t-shirts, pen drives, iPhone covers, mouse pads, poster and desk calendars, mugs, fridge magnets, greetings and invitations, flyers, posters, product labels and to carry on any other business incidental and ancillary to the attainment of main objects.

Interest of our Promoters

Set forth are details of the shareholding of our Promoters (directly and indirectly through the Promoter Group) in Hues Hub Online:

Sr. no.	Name	No. of equity shares of face value ₹ 10 each	Percentage of total equity holding (%)
1.	Vishal Rangwala	1,000	10.00
2.	Tanvi Vishal Rangwala	9,000	90.00
Total		10,000	100.00

Financial Performance

As Hues Hub was incorporated on January 24, 2018, in compliance with provisions of Companies Act, 2103, audited financial results of Hues Hub Online for Fiscals 2018, 2017 and 2016 are not available.

A. Group Companies under winding up

None of our Group Companies are under winding up.

B. Group Companies with negative net-worth:

Other than Harsha Renewable Energy Private Limited and Ecotrail Personal Care Private Limited, none of our Group Companies have negative net-worth. For details see, "- *Harsha Renewable Energy Private Limited - Financial Performance*" and "-*Ecotrail Personal Care Private Limited - Financial Performance"* on pages 157 and 158.

C. Group Companies which are sick industrial companies in the erstwhile SICA or equivalent thereof under the Insolvency and Bankruptcy Code, 2016

None of the Group Companies have been declared as insolvent under the provisions of the Insolvency and Bankruptcy Code, 2016 or declared as a sick company under the provisions of the erstwhile SICA.

D. Loss making Group Companies:

The following table sets forth the details of our Group Companies which have incurred losses in the last Fiscal and profit/loss made by them in the last three Fiscals:

Sr. No.	Name of the entity	Profit/(Loss) after tax (Amount in million ₹)		
		2018	2017	2016
1.	Daylight Solar Private Limited	(0.01)	(0.01)	(0.02)
2.	First Light Solar Private Limited	(0.01)	(0.01)	(0.02)
3.	Helianthus Solar Power Private Limited	(0.01)	(0.01)	(0.02)
4.	Harsha Renewable Energy Private Limited	(0.03)	(0.03)	(0.03)
5.	Ecotrail Personal Care Private Limited	(50.32)	(61.64)	(0.04)*

**from date of incorporation of Ecotrail to March 31, 2016.*

Note: The abovementioned financial information has been derived from the audited financial results of the respective companies, which have been prepared as per the applicable accounting standards.

E. Defunct Group Companies

None of our Group Companies have remained defunct and no application has been made to the registrar of companies for striking off the name of any of our Group Companies during the five years preceding the date of filing the Draft Red Herring Prospectus.

Nature and Extent of Interest of Group Companies

a. In the promotion of our Company

None of our Group Companies have any interest in the promotion of our Company.

b. any business interest in our Company

Except as stated in "*Related Party Transactions*", beginning on page 164, none of the Group Companies have any business interest in our Company.

c. In the properties acquired or proposed to be acquired by our Company in the past two years before filing the Draft Red Herring Prospectus

None of our Group Companies are interested in the properties acquired or proposed to be acquired by our Company in the two years preceding the filing of the Draft Red Herring Prospectus.

d. In transactions for acquisition of land, construction of building and supply of machinery

None of our Group Companies are interested in any transactions for the acquisition of land, construction of building or supply of machinery.

e. Common Pursuits amongst the Group Companies with our Company

There are no common pursuits between any of our Group Companies and our Company or any interest in any entity or venture that is involved in any activities similar to those conducted by our Company or its subsidiaries.

f. Related Business Transactions within the Group Companies and Significance on the Financial Performance of our Company

Other than the transactions disclosed in "*Related Party Transactions*" on page 164, there are no other related business transactions with the Group Companies.

g. Sale/Purchase between Group Companies

Except as disclosed in "*Related Party Transactions*" on page 164, none of our Group Companies are involved in any sales or purchase with the Company where such sales or purchases exceed in value in the aggregate ten per cent of the total sales or purchases of the Company.

Other Confirmations

(a) None of the Group Companies have interest in the appointment of any Book Running Lead Managers, Underwriters, Registrar to the Offer or any of the banker to the Offer.

(b) Except as stated below, none of the Group Companies have taken unsecured loans which can be recalled by the lenders at any time:

(i) Day Light Solar Private Limited has availed unsecured loan from Munjal Rangwala and as on August 6, 2018 an amount of ₹ 4,517 is unsecured loan balance that can be recalled by the lender;

(ii) First Light Solar Private Limited has availed unsecured loan from Munjal Rangwala and as on August 6, 2018 an amount of ₹ 4,517 is unsecured loan balance that can be recalled by the lender;

(iii) Harsha Renewable Energy Private Limited has availed unsecured loan from Harish Ranjit Rangwala and Munjal Rangwala, as on August 6, 2018, an amount of ₹ 0.05 million and ₹ 0.28 million, respectively is unsecured loan balance that can be recalled by the lenders;

(iv) Helianthus Solar Power Private Limited has availed unsecured loan from Harish Ranjit Rangwala and Munjal Rangwala and as on August 6, 2018, an amount of ₹ 1.15 million and ₹ 1.17 million, respectively is unsecured loan balance that can be recalled by the lenders;

(v) Harsha Abakus Solar Private Limited has availed unsecured loan from Harish Ranjit Rangwala, Munjal Rangwala, Pilak Rajendra Shah and Rajendra Shantilal Shah; and as on August 6, 2018, an amount of ₹ 126.55 million, ₹ 28.11 million and ₹100.00 million and ₹ 55.20 million, respectively is unsecured loan balance that can be recalled by the lenders. Further, Harsha Abakus Solar Private Limited has availed unsecured loan from Charusheela Harish Rangwala, Hetal Brijesh Ukani, Krina Rajendra Shah, Mili Yashpal Mehta, Nirmala Rajendra Shah and Vaishali Shah and as on July 24, 2018, an amount of ₹ 4.81 million, ₹ 22.91 million, ₹ 25.00 million, ₹ 15.43 million, ₹ 10.24 million and ₹ 10.45 million, respectively is unsecured loan balance that can be recalled by the lenders.

(c) None of our Group Companies have failed to list on any stock exchange in India or abroad.

(d) None of our Group Companies have been debarred from accessing capital market for any reasons by SEBI or any other authority.

(e) None of our Group Companies have made any public or rights issue of securities in the preceding three years.

(f) No portion of the Offer proceeds is proposed to be paid to the Group Companies.

(g) None of the Group Companies have been identified as a wilful defaulter in terms of the SEBI Regulations.

(h) None of the Group Companies have become or remained defunct and no application has been made to the Registrar of Companies for striking off the name in the last five years preceding the date of filing the draft offer document with SEBI.

(i) Our Promoters have not disassociated from any of the Group Companies during the last three years.

(j) For details of litigation pertaining to the Group Companies, see "*Outstanding Litigation and Material Developments – Litigation involving the Group Companies*", beginning on page 347.

RELATED PARTY TRANSACTIONS

For details of related party transactions as at and for the past five Fiscals, as per the requirements under applicable accounting standards, see "*Financial Statements – Related Party Disclosures"* beginning on pages 203 and 282, respectively.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board and approved by our Shareholders, at their discretion, subject to the provisions of our Articles and applicable law, including the Companies Act. Whilst our Company does not have a formal dividend distribution policy, the dividend, if any, will depend on a number of factors, including, the earnings, capital requirements, contractual obligations, applicable legal restrictions and overall financial position of our Company.

In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under loan or financing arrangements our Company is currently availing of or may enter into to finance out fund requirements for our business activities. For further details, see "*Financial Indebtedness*" on page 319.

The details of dividend on equity shares paid by our Company in the current and last five Fiscals are set forth:

Particulars	**Fiscals**				
	2018	**2017**	**2016**	**2015**	**2014**
Number of Equity Shares	12,041,400	12,041,400	12,041,400	12,041,400	12,041,400
Dividend per Equity Share (in ₹)	5	-	5	5	5
Rate of dividend on Equity Share (%)	50% (of the face value per share)	-	50% (of the face value per share)	50% (of the face value per share)	50% (of the face value per share)
Total dividend on Equity Shares (in ₹)	60,207,000	-	60,207,000	60,207,000	60,207,000
Dividend Tax (in ₹)	12,375,727	-	12,256,687	12,256,941	10,232,180

The amounts paid as dividends in the past are not necessarily indicative of our Company's dividend policy or dividend amounts, if any, in the future.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION

Private and Confidential

The Board of Directors
Harsha Engineers Limited
Changodar,
Sarkhej Bavla Road,
Ahmedabad – 382 213.
Gujarat.

Dear Sirs,

1. We have examined the attached Restated Consolidated Financial Information of Harsha Engineers Limited ('the Company'), its subsidiaries and associate (collectively referred to as 'the Group') which comprise of the Restated Consolidated Summary Statement of Assets and Liabilities as at 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014, the Restated Consolidated Summary Statement of Profit and Loss (including Other Comprehensive Income, as applicable)and the Restated Consolidated Statement of Cash Flows for each of the years ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31March 2014 and the Restated Consolidated Statement of Changes in Equity for each of the years ended 31 March 2018, 31 March 2017 and 31 March 2016 and the summary of significant accounting policies, read together with the annexures and notes thereto and other Restated financial information explained in paragraphs 7 and 8 below (collectively, the 'Restated Consolidated Financial Statement'), as approved by the Board of Directors of the Company at their meeting held on 10-08-2018 for the purpose of inclusion in the offer document prepared by the Company in connection with its proposed initial public offer of Equity shares by way of fresh issue and an offer for sale by the existing shareholders (collectively referred to as 'the Offer') and is prepared in terms of the requirements of:

(a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the 'Act')
(b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time in pursuance of provision of Securities and Exchange Board of India Act, 1992 (the 'ICDR Regulations'); and
(c) The Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India ('ICAI') (the 'Guidance Note').

2. The preparation of the Restated Consolidated Financial Information is the responsibility of the Management of the Company ('Management') for the purpose set out in paragraph 13 below. The Management's Responsibility includes designing, implementing and maintenance of adequate internal financial controls Relevant to the preparation and presentation of the Restated Consolidated Financial Information. The Management is also responsible for identifying and ensuring that the Company complies with the Act, Rules, ICDR Regulations and Guidance Note.

3. We have examined the Restated Consolidated Financial Information taking into consideration:
   (a) The terms of reference and terms of our engagement agreed upon with you in accordance with our Engagement letter dated 30th April 2018 in connection with the Offer; and
   (b) The Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India ('ICAI') as amended from time to time (the 'Guidance Note').

4. These Restated Consolidated Financial Information have been compiled by the Management as follows:
   (a) **As at and for the years ended 31 March 2018 and 31 March 2017:** From the audited Consolidated Financial statements of the Group as at and for the year ended 31 March 2018 and as at and for the year ended 31 March 2017 being the comparative period for the year ended 31 March 2018,prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act 2013, read with Companies (Indian Accounting Standards) Rules 2015 and Companies (Indian Accounting Standards) (Amendment) Rules 2016 and other relevant provisions of the Act, which have been approved by the Board of Directors at their meeting held on 03-08-2018. The audited Consolidated financial statements of the Company as at and for the year ended 31 March 2017, prepared in accordance with the accounting standards notified under Section 133 of the Companies Act, 2013 ('Previous GAAP') have been approved by the Board of Directors at their meeting held on 24 July 2017. These audited Consolidated financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us;

   (b) **As at and for the year ended 31 March 2016:** From the audited Consolidated financial statements of the Group as at and for the year ended 31 March 2016, prepared in accordance with Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014, and the other relevant provisions of the Act which has been approved by the Board of Directors at their meeting held on22nd July, 2016. These audited Consolidated financial statements of the Company as at and for the year ended 31 March 2016 have been converted into Ind AS to align accounting policies, exemptions and disclosures as adopted for the preparations of the first Ind AS financial statements for the year ended 31 March 2018. These Restated Consolidated Financial Information as at and for the year ended 31 March 2016 is referred to as 'the Consolidated Proforma Ind AS Financial Statement'; and

(c) **As at and for the years ended 31 March 2015 and 31 March 2014:** From the audited Consolidated Financial statements of the Group as at and for the years ended 31 March 2015 and 31 March 2014, prepared in accordance with Accounting standards prescribed under Section 211 (3C) of the Companies Act, 1956 read with the Companies Accounting Standard Rules (2006) and which have Been approved by the Board of Directors at their meeting held on 30th June, 2015 and 30th June, 2014 .

5. We have examined the following Consolidated Financial Statements of the Company contained in Restated Consolidated Financial Information of the Company:

(a) The Restated Consolidated Summary Statement of Assets and Liabilities of the Company as at March 31, 2018, 2017 and 2016 under Ind AS, as set out in Annexure C- I and as at March 31, 2015 and 2014 under Indian GAAP, as set out in Annexure D-I;

(b) The Restated Consolidated Summary Statement of Profit and Loss (including other comprehensive income) of the Company for the years ended March 31, 2018, 2017 and 2016 under Ind AS, as set out in Annexure C-II and the Restated Consolidated Statement of Profit and Loss for the years ended March 31, 2015 and 2014 under Indian GAAP, as set out in Annexure D-II;

(c) The Restated Consolidated Statement of Changes in Equity of the Company for the years ended March 31, 2018, 2017 and 2016 under Ind AS, as set out in Annexure C-IV; and

(d) The Restated Consolidated Statement of Cash Flows of the Company for the years ended March 31, 2018, 2017 and 2016 under Ind AS, as set out in Annexure C-III and for the years ended March 31, 2013 and 2014 under Indian GAAP, as set out in Annexure D-III;

(e) The Restated Consolidated Other Notes to account of the Company for the years ended March 31, 2018, 2017 and 2016 under Ind AS, as set out in Annexure C-V and for the years ended March 31, 2013 and 2014 under Indian GAAP, as set out in Annexure D-IV;

(f) The Restated Consolidated Significant accounting policy of the Company for the years ended March 31, 2018, 2017 and 2016 under Ind AS, as set out in Noted 1 and for the years ended March 31, 2013 and 2014 under Indian GAAP, as set out in Notes 1;

6. We have audited the Company's Consolidated financial statements for the year ended 31 March 2018, for which we have issued an unqualified audit opinion.
The Audit of the Company's Consolidated financial statements for the years ended 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 was conducted by the predecessor auditors, M/s. C. P. Shah & Co., Chartered Accountants, for which they have issued an

unqualified audit opinion and accordingly reliance has been placed on the data used to prepare the Restated Consolidated Financial Information as audited by them.

The financial statements and other financial information of Indian Subsidiaries namely Aastha Tools Private Limited and Harsha Engineers (India) Private Limited have been prepared in accordance with accounting principles generally accepted in India and have been audited by M/s. C. P. Shah & Co., Chartered Accountants. Our opinion in so far as it relates to the balances and affairs of such subsidiaries is based on the report of their auditors.

Harsha Engineers Europe SRL , Harsha Engineers Components (Changshu) Co. Ltd. and **Harsha Precision Bearing Components (China) Co. Ltd.** financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in that country and which has been audited by other auditor as for generally accepted auditing standards applicable in that country. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company.
Harsha Engineers B.V. –Netherland is not required to be audited by Netherland Jurisdiction and hence it has been audited as a special purpose audit under the requirement of Ind AS by **B S R & Co. LLP**.

The Restated Consolidated Financial Information relating to the above - mentioned years:

a. have been made after incorporating adjustments for changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting years;

b. have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate; and

c. do not contain any exceptional items that need to be disclosed separately other than those presented in the Restated Consolidated Financial Information in the respective financial years and do not contain any qualification requiring adjustments.

7. We have also examined the following Restated Consolidated Financial Information of the Company as set out in the following Annexures prepared by the Management and approved by the Board of Directors on 10-08-2018 for each of the years ended 31 March 2018,31 March 2017 and 31 March 2016. In respect of the years ended 31 March 2017, 31 March 2016 and 31March 2015, these Restated Consolidated Financial Information of the Company have been included based upon the reports submitted by predecessor auditors, C.P. Shah & Co., Chartered Accountants and relied upon by us:

(i) Restated Consolidated Statement of Basis of Preparation and Significant Accounting Policies as Enclosed in Note 1 of Annexure C V;

(ii) Restated Consolidated Statement of Property, Plant & Equipment as enclosed in Note 2 of Annexure C V;

(iii) Restated Consolidated Statement of Goodwill on Consolidated as enclosed in Note 3 of Annexure C V;

(iv) Restated Consolidated Statement of Investments as enclosed in Note 4 of Annexure C V;

(v) Restated Consolidated Statement of Loans as enclosed in Note 5 of Annexure C V;

(vi) Restated Consolidated Statement of Others Financial Assets as enclosed in Note 6 of Annexure C V;

(vii) Restated Consolidated Statement of Inventories as enclosed in Note 7 of Annexure C V;

(viii) Restated Consolidated Statement of Trade Receivables as enclosed in Note 8 of Annexure C V;

(ix) Restated Consolidated Statement of Cash and Cash Equivalents and Other Bank Balances as enclosed in Note 9 of Annexure C V;

(x) Restated Consolidated Statement of Equity Share Capital as enclosed in Note 10 of Annexure C V;

(xi) Restated Consolidated Statement of Other Equity as enclosed in Note 11 of Annexure C V;

(xii) Restated Consolidated Statement of Non-Controlling Interest as enclosed in Note 12 of Annexure C V;

(xiii) Restated Consolidated Statement of Borrowings as enclosed in Note 13 of Annexure C V;

(xiv) Restated Consolidated Statement of Provisions as enclosed in Note 14 of Annexure C V

(xv) Restated Consolidated Statement of Net Employees Benefit Liabilities as enclosed in Note 15 of Annexure C V

(xvi) Restated Consolidated Statement of Deferred Tax Liabilities and Deferred Tax Assets as enclosed in Note 16 of Annexure C V

(xvii) Restated Consolidated Statement of Other Financial Liabilities as enclosed in Note 17 of Annexure C V;

(xviii) Restated Consolidated Statement of Trade Payables as enclosed in Note 18 of Annexure C V;

(xix) Restated Consolidated Statement of Other Current Liabilities as enclosed in Note 19 of Annexure C V;

(xx) Restated Consolidated Statement of Revenue from Operations as enclosed in Note 20 of Annexure C V;

(xxi) Restated Consolidated Statement of Other Income as enclosed in Note 21 of Annexure C V;

(xxii) Restated Consolidated Statement of Cost of Material Consumed as enclosed in Note 22 of Annexure C V;

(xxiii) Restated Consolidated Statement of Changes in Inventories of Finished Goods & Work-In-Progress as enclosed in Note 23 of Annexure C V;

(xxiv) Restated Consolidated Statement of Employee Benefits Expense as enclosed in Note 24 of Annexure C V;

(xxv) Restated Consolidated Statement of Finance Costs as enclosed in Note 25 of Annexure C V;

(xxvi) Restated Consolidated Statement of Other Expenses, as enclosed in Note 26 of Annexure C V;

(xxvii) Summary Statement of Adjustments to the Restated Consolidated Financial Information enclosed in Annexure C VI

(xxviii) Restated Consolidated Statement of Dividend Paid, as enclosed in Annexure C VII;

(xxix) Restated Consolidated Statement of Accounting Ratios, as enclosed in Annexure C VIII;

8. We have also examined the following Restated Consolidated Financial Statement of the Company as set out in the following Annexures prepared by the Management and approved by the Board of Directors on 10-08-2018 for each of the years ended 31 March 2015 and 31 March 2014. In respect of the years ended 31 March 2015 and 31 March 2014,

(i) Basis of preparation and significant accounting policies as enclosed in of Annexure D IV;

(ii) Restated Consolidated Statement of Share Capital as enclosed in Note 1 of Annexure D IV;

(iii) Restated Consolidated Statement of Minority Interest as enclosed in Note 3 of Annexure D IV;

(iv) Restated Consolidated Statement of Reserves & Surplus as enclosed in Note 2 of Annexure D IV;

(v) Restated Consolidated Statement of Long-term Borrowings as enclosed in Note 4 of Annexure D IV;

(vi) Restated Consolidated Statement of Deferred Tax Liabilities and Deferred Tax Assets as enclosed in Note 5 of Annexure D IV;

(vii) Restated Consolidated Statement of Long-term Provisions as enclosed in Note 7 of Annexure D IV;

(viii) Restated Consolidated Statement of other Long-term Liabilities as enclosed in Note 6 of Annexure D IV;

(ix) Restated Consolidated Statement of Short-term Borrowings as enclosed in Note 8 of Annexure D IV;

(x) Restated Consolidated Statement of Trade Payables as enclosed in Note 9 of Annexure D IV;

(xi) Restated Consolidated Statement of Other Current Liabilities as enclosed in Note 10 of Annexure D IV;

(xii) Restated Consolidated Statement of Short-term Provisions as enclosed in Note 11 of Annexure D IV;

(xiii) Restated Consolidated Statement of Fixed Assets and Depreciation as enclosed in Note 12 of Annexure D IV;

(xiv) Restated Consolidated Statement of Long-term Loans & Advances as enclosed in Note 13 of Annexure D IV;

(xv) Restated Consolidated Statement of Inventories as enclosed in Note 15 of Annexure D IV;

(xvi) Restated Consolidated Statement of Trade Receivables as enclosed in Note 16 of Annexure D IV;

(xvii) Restated Consolidated Statement of Cash and Bank Balances as enclosed in Note 17 of Annexure D IV;

(xviii) Restated Consolidated Statement of Short-term Loans & Advances as enclosed in Note 18 of Annexure D IV;

(xix) Restated Consolidated Statement of Current Investment as enclosed in Note 14 of Annexure D IV;

(xx) Restated Consolidated Statement of Revenue from Operations as enclosed in Note 19 of Annexure D IV;

(xxi) Restated Consolidated Statement of Other Income as enclosed in Note 20 of Annexure D IV;

(xxii) Restated Consolidated Statement of Changes in Inventory of Finished Goods as enclosed in Note 22 of Annexure D IV;

(xxiii) Restated Consolidated Statement of Cost of Material Consumed as enclosed in Note 21 of Annexure D IV;

(xxiv) Restated Consolidated Statement of Employee Benefits Expense as enclosed in Note 23 of Annexure D IV;

(xxv) Restated Consolidated Statement of Finance Costs as enclosed in Note 24 of Annexure D IV;

(xxvi) Restated Consolidated Statement of Other Expenses, as enclosed in Note 25 of Annexure D IV;

(xxvii) Summary Statement of Adjustments to the Restated Consolidated Financial Information enclosed in Annexure D V;

(xxviii) Restated Consolidated Statement of Dividend Paid, as enclosed in Annexure D VI;

(xxix) Restated Consolidated Statement of Accounting Ratios, as enclosed in Annexure D VII;

9. Opinion

In our opinion

(a) the Restated Consolidated Financial Information of the Company, as attached to this report and, read with the Ind-AS and Indian GAAP basis of preparation and the respective Ind-AS and Indian GAAP significant accounting policies, have been prepared in accordance with the Act, the Rules and the SEBI ICDR Regulations;

(b) adjustments have been made with retrospective effect in respect of changes in the Ind-AS accounting policies of the Company to reflect the same accounting treatment as per the accounting policies as at March 31, 2018;

(c) adjustments have been made with retrospective effect in respect of changes in the Indian GAAP accounting policies of the Company to reflect the same accounting treatment as per the accounting policies as at and for the year ended March 31, 2015;

(d) the material adjustments relating to previous years have been adjusted in the years to which they relate;

(e) there are no qualifications in the auditors' reports which require any adjustments;

(f) there are no extra-ordinary items which need to be disclosed separately.

10 We have complied with relevant applicable requirements of the standards on Quality Control (SQC 1),
Quality control for firms that perform Audits and Reviews of Historical Financial Information and other Assurance and Related Services Engagements.

11. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us or by other firms of Chartered Accountants, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

13. Our report is intended solely for use of the Management and for inclusion in the offer document to be filed with Securities and Exchange Board of India, relevant Stock Exchanges where the equity shares are proposed to be listed and the relevant Registrar of Companies in India, in connection with the Offer. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

Sd/-

For, Pankaj R. Shah & Associates
Chartered Accountants
FRNo:107361W

CA Nilesh Shah
Designated Partner
Membership No:107414
Date:10-08-2018
Place: Ahmedabad

HARSHA ENGINEERS LIMITED

Annexure C - I : Restated Consolidated Summary Statement of Assset and Liabilities

(Rs. In Millions)

Particulars	Notes	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
ASSETS				
Non-current assets				
Property, plant and equipment	2	1,976.96	1,914.21	2,150.34
Intangible assets	2	13.18	14.56	24.68
Capital Work-in-progress	2	14.90	15.38	132.67
Goodwill on Consolidation	3	682.80	558.99	557.28
Investment in subsidiary, associate and joint		-	-	0.00
Financial assets				
Investments	4	-	-	0.25
Loans	5	67.12	9.40	11.55
Total non-current assets		**2,754.95**	**2,512.53**	**2,876.78**
Current assets				
Inventories	7	1,753.67	1,408.76	1,247.63
Financial assets		-	-	-
Investments	4	-	130.24	17.75
Trade receivables	8	1,638.42	1,113.51	2,302.30
Cash and cash equivalents	9	205.29	376.99	464.17
Other bank balances	9	-	-	4.93
Loans & Advances	5	341.65	240.35	315.13
Other	6	79.33	81.73	65.95
Total current assets		**4,018.36**	**3,351.58**	**4,417.87**
TOTAL ASSETS		**6,773.31**	**5,864.11**	**7,294.65**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	10	120.41	120.41	120.41
Other equity	11	2,387.45	1,799.72	1,760.98
Non-Controlling Interest	**12**	**15.12**	**11.39**	**119.59**
Total Equity		**2,522.99**	**1,931.52**	**2,000.99**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	13	1,125.43	1,392.36	1,775.54
Provisions	14	41.39	37.27	45.29
Deferred tax liabilities (Net)	16	68.55	16.85	32.85
Other non-current liabilities	17	15.86	13.33	12.19
Total non-current liabilities		**1,251.23**	**1,459.81**	**1,865.87**
Current Liabilities				
Financial liabilities				
Borrowings	13	1,088.60	1,203.62	1,576.56
Trade payables	18	1,165.42	768.77	1,378.63
Other Financial Liabilities	19	11.36	1.37	6.63
Provisions	14	(7.75)	7.24	37.00
Net employee benefit Liabilities	15	0.92	0.61	1.13
Other current liabilities	17	740.55	491.17	427.84
Total current liabilities		**2,999.09**	**2,472.78**	**3,427.79**
Total Liabilities		**4,250.32**	**3,932.60**	**5,293.66**
TOTAL EQUITY AND LIABILITIES		**6,773.31**	**5,864.11**	**7,294.65**
Significant Accounting Policies	1			

The above statement should be read with the Company Overview and Significant Accounting Policies appearing in Annexure C-V, Notes to the Restated Consolidated Financial Information appearing in Annexure C-V, Statement of Adjustmets to Audited Consolidated Financial Statements appearing in Annexure C-VI, Restated Consolidated Statement of Dividend Paid appearing in Annexure C-VII, and Restated Consolidated Statement of Accounting Ratios appearing in Annexure C-VIII.

As per our report of even date attached

For Pankaj R. Shah & Associates
Chartered Accountants
FRN No.: 107361W

Sd/-

CA Nilesh Shah
Designated Partner
M. No. : 107414

Date : 10-08-2018
Place : Ahmedabad

For and on behalf of the Board of Directors
(CIN : U29259GJ1986PLC008520)

Sd/-

Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-

Harish Rangwala
Managing Director
DIN: 00278062

Sd/-

Pilak Shah
Whole-time director and CFO

Sd/-

Kiran Mohanty
Chief Compliance Officer & CS

Date : 10-08-2018
Place : Ahmedabad

HARSHA ENGINEERS LIMITED

Annexure C - II : Restated Consolidated Summary Statement of Profit And Loss

(Rs. In Millions)

Particulars	Notes	For the year ended 31st March, 2018 (Ind AS)	For the year ended 31st March, 2017 (Ind AS)	For the year ended 31st March, 2016 (Proforma Ind AS)
INCOME				
Revenue from operations	20	7,675.29	6,164.94	6,347.70
Other income	21	368.57	187.28	249.61
TOTAL INCOME (A)		**8,043.85**	**6,352.22**	**6,597.31**
EXPENSES				
Cost of materials consumed	22	4,113.33	3,148.44	3,117.98
Change In Inventories of Finished Goods & Work-In-Progress	23	(328.06)	(152.89)	703.24
Employee benefits expenses	24	1,104.83	980.05	727.84
Finance costs	25	180.65	256.96	182.51
Depreciation and amortization expenses	2	318.75	346.69	279.47
Other expenses	26	1,744.26	1,568.75	1,221.72
TOTAL EXPENSES (B)		**7,133.77**	**6,148.00**	**6,232.76**
Profit/ (loss) before tax (A-B)		**910.09**	**204.22**	**364.55**
Tax expense				
Current Tax		287.42	153.03	130.62
Deferred Tax	28	52.99	(16.26)	(15.14)
MAT credit entitlement		-	-	-
Profit/ (loss) after tax for the period (C)		**569.68**	**67.45**	**249.08**
Less:Profit transferred to Minority Interest		3.74	1.80	14.63
Less:Impairment of Investments in HASPL		-	17.24	-
Add:Reversal of loss on Disposal of investments in HASPL		-	61.71	-
Profit After Tax (After Adjustment Of Minority Interest)		**565.94**	**110.13**	**234.45**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Changes in fair value of FVTOCI equity instruments		(0.24)	0.24	-
Remeasurement of post-employment benefit obligations		(3.42)	(1.10)	(1.88)
Income tax relating to these items		1.28	0.30	0.64
Other comprehensive income for the period, net of tax (D)		**(2.37)**	**(0.57)**	**(1.24)**
Total Comprehensive Income for the Period (C+D)		**563.56**	**109.56**	**233.21**
Earning per equity share (EPS) for profit for the period (face value of Rs.10/-)	Annexure VIII			
*Adjusted EPS is worked out after considering bonus issue as on 27-06-2018.				
Adjusted* Basic (Rs.)		23.50	4.57	9.73
Adjusted* Diluted (Rs.)		23.50	4.57	9.73
Significant Accounting Policies	1			

The above statement should be read with the Company Overview and Significant Accounting Policies appearing in Annexure C-V, Notes to the Restated Consolidated Financial Information appearing in Annexure C-V, Statement of Adjustmets to Audited Consolidated Financial Statements appearing in Annexure C-VI, Restated Consolidated Statement of Dividend Paid appearing in Annexure C-VII, and Restated Consolidated Statement of Accounting Ratios appearing in Annexure C-VIII.

As per our report of even date attached

For Pankaj R. Shah & Associates
Chartered Accountants
FRN No.: 107361W

Sd/-

CA Nilesh Shah
Designated Partner
M. No. : 107414

Date : 10-08-2018
Place : Ahmedabad

For and on behalf of the Board of Directors
(CIN : U29259GJ1986PLC008520)

Sd/-

Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-

Harish Rangwala
Managing Director
DIN: 00278062

Sd/-

Pilak Shah
Whole-time director and CFO

Sd/-

Kiran Mohanty
Chief Compliance Officer & CS

Date : 10-08-2018
Place : Ahmedabad

HARSHA ENGINEERS LIMITED

Annexure C - III : Restated Consolidated Statement of Cash Flows

(Rs. In Millions)

Particulars	For the year ended 31st March, 2018 (Ind AS)	For the year ended 31st March, 2017 (Ind AS)	For the year ended 31st March, 2016 (Proforma Ind AS)
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax as per statement of profit and loss	910.09	204.22	364.55
Adjustments for:			
Transfer of Reserve	(0.42)	(48.20)	(42.16)
Minority Interest			
Capital Reserve on Consolidation (Net of Goodwill)	-	-	(220.92)
Depreciation, Amortisation, Depletion & Impairment	318.75	346.69	281.82
General Reserve		17.69	(0.20)
Securities Premium		(7.50)	
Foreign Currency Translation Reserve	(99.23)	(144.53)	(515.56)
Deffered Tax on OCI	(1.28)	0.26	(21.92)
P&L Additional Adjustment	(2.37)	(0.57)	
Gain / Loss on Sale of Investment	(3.67)	17.13	
Finance cost	180.65	256.96	182.51
Interest Income	(19.83)	(16.73)	(28.69)
Provisions written off	(10.88)	(37.78)	(54.04)
Profit on sale of Assets	1.46	(25.02)	1.05
Operating Profit before working capital changes	1,273.27	562.62	(53.57)
Adjustments for changes in Working Capital			
Inventories	(344.91)	(161.13)	620.98
Other Financial Liabilities	9.99	(5.27)	6.63
Trade Receivables	(524.91)	1,188.80	(1,227.95)
Other Current Assets	2.40	(15.78)	(65.95)
Other Current Liabilities	249.38	63.33	(634.57)
Trade payables	396.65	(609.86)	789.41
Net employee benefit Liabilities	0.31	(0.52)	1.13
Other Bank Balances	-	4.93	(4.93)
Cash Generated from Operations	1,062.18	1,027.11	(568.82)
Taxes (paid)/ refund	(287.42)	(153.03)	(130.62)
Net Cash Flow from Operating Activities (A)	774.76	874.08	(699.43)
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of Assets	(381.09)	41.88	(757.48)
Other Investments	133.91	(84.89)	(9.47)
Loans And Advances	(159.02)	76.94	34.17
Interest Income	19.83	16.73	28.69
Net Cash Flow from Investing Activities (B)	(386.38)	50.66	(704.08)
CASH FLOW FROM FINANCING ACTIVITIES			
Finance cost	(180.65)	(256.96)	(182.51)
Borrowings	(381.96)	(756.11)	1,818.16
Availment/(Repayment) of Non-current liability	2.53	1.14	(0.99)
Net Cash Flow from Financing Activities (C)	(560.09)	(1,011.92)	1,634.67
Net Increase/(Decrease) in Cash and Cash equivalents (D) (A+B+C)	(171.70)	(87.18)	231.15

Particulars	For the year ended 31st March, 2018 (Ind AS)	For the year ended 31st March, 2017 (Ind AS)	For the year ended 31st March, 2016 (Proforma Ind AS)
Cash and Cash equivalents at the Beginning of the Year			
Cash on hand	1.30	1.47	0.93
Balances with banks			
In current accounts	174.01	94.94	49.57
In Fixed Deposit accounts	201.68	367.76	146.94
In Margin Money Accounts			35.58
Cheque in hand	-	-	-
	376.99	**464.17**	**233.02**
Cash and Cash equivalents at the End of the Year			
Cash on hand	0.96	1.30	1.47
Balances with banks	-	-	
In current accounts	69.48	174.01	94.94
In Fixed Deposit accounts	134.85	201.68	367.76
Cheque in hand	-	-	-
	205.29	**376.99**	**464.17**

The above statement should be read with the Company Overview and Significant Accounting Policies appearing in Annexure C-V, Notes to the Restated Consolidated Financial Information appearing in Annexure C-V, Statement of Adjustmets to Audited Consolidated Financial Statements appearing in Annexure C-VI, Restated Consolidated Statement of Dividend Paid appearing in Annexure C-VII, and Restated Consolidated Statement of Accounting Ratios appearing in Annexure C-VIII.

For Pankaj R. Shah & Associates
Chartered Accountants
FRN No.: 107361W

Sd/-

CA Nilesh Shah
Designated Partner
M. No. : 107414

Date : 10-08-2018
Place : Ahmedabad

For and on behalf of the Board of Directors
(CIN : U29259GJ1986PLC008520)

Sd/-

Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-

Harish Rangwala
Managing Director
DIN: 00278062

Sd/-

Pilak Shah
Whole-time director and CFO

Sd/-

Kiran Mohanty
Chief Compliance Officer
& CS

Date : 10-08-2018
Place : Ahmedabad

HARSHA ENGINEERS LIMITED

Annexure C - IV : Consolidated Statement of changes in equity (SOCIE) for the period ended on 31 March 2018

A. Equity Share Capital

Particulars	No. of Shares	Amount
Issued, subscribed and paid up share capital		
Equity Shares of Rs. 10/- each fully paid up		
As at 1st April 2016	**12,041,400**	**120.41**
Equity shares issued during the year	-	-
As at 31st March 2017	**12,041,400**	**120.41**
Changes in equity share capital	-	-
As at 31st March 2018	**12,041,400**	**120.41**

B. Other equity

(Rs. In Millions)

Particulars	Reserves & Surplus				Other Comprehensive income	Total Equity
	Security Premium	General reserve	Foreign Currency Tranalation reserve	Retained earnings		
Balance at April 1, 2015	**7.50**	**360.26**	**94.90**	**1,172.13**	**-**	**1,634.80**
Changes in accounting policy / prior period errors	-	-	-	**(25.71)**	-	**(25.71)**
Forex Adjustment due to conversion of foreign subsidiaries				**(11.02)**		**(11.02)**
Restated balance at the beginning of the reporting period	**7.50**	**360.26**	**94.90**	**1,135.40**	**-**	**1,598.06**
Profit for the year	-	-	-	**234.45**	-	**234.45**
Other comprehensive income for the year	-	-	-	-	**(1.24)**	**(1.24)**
Total comprehensive income for the year	**7.50**	**360.26**	**94.90**	**1,369.85**	**(1.24)**	**1,831.27**
Addition during the year		-	**4.52**	-	-	**4.52**
Changes in accounting policy / prior period errors	-	-	-	-	-	-
Interim Dividend	-	-	-	**(60.21)**	-	**(60.21)**
Tax On Interim Dividend	-	-	-	**(12.26)**	-	**(12.26)**
Deffered Tax On IND AS Adjustments	-	-	-	-	-	-
Any Other Change	-	-	-	**(2.34)**	-	**(2.34)**
Balance at April 1, 2016	**7.50**	**360.26**	**99.42**	**1,295.04**	**(1.24)**	**1,760.98**
Changes in accounting policy / prior period errors				-		-
Restated balance at the beginning of the reporting period	**7.50**	**360.26**	**99.42**	**1,295.04**	**(1.24)**	**1,760.98**
Profit for the year				110.13		110.13
Other comprehensive income for the year					(0.57)	(0.57)
Total comprehensive income for the year	**7.50**	**360.26**	**99.42**	**1,405.16**	**(1.81)**	**1,870.54**
Addition during the year		21.94	106.46			128.40
Utilisation during the year/Reversal Of Merger Prem	(7.50)	(4.25)	(139.27)			(151.02)
Any Other Change				(48.20)		(48.20)
Balance at March 31, 2017	**-**	**377.95**	**66.61**	**1,356.96**	**(1.81)**	**1,799.72**
Changes in accounting policy / prior period errors						**-**
Restated balance at the beginning of the reporting period	**-**	**377.95**	**66.61**	**1,356.96**	**(1.81)**	**1,799.72**
Profit for the year				565.94		**565.94**
Other comprehensive income for the year					(2.37)	**(2.37)**
Total comprehensive income for the year	**-**	**377.95**	**66.61**	**1,922.90**	**(4.18)**	**2,363.28**
Addition during the year			**182.25**			**182.25**
Utilisation during the year						**-**
Any Other Change			**(157.66)**	(0.42)		**(158.08)**
Balance at March 31, 2018	**-**	**377.95**	**91.20**	**1,922.48**	**(4.18)**	**2,387.45**

Reconciliation of Equity

Particulars	Amount in Rs.
Balance at the beginning as per IGAAP as on 01-04-2015	**1,146.42**
Add: Revenue Recognition	15.40
Interest On Inventory	10.31
Balance at the beginning as per IND AS as on 01-04-2015	**1,172.13**

The above statement should be read with the Company Overview and Significant Accounting Policies appearing in Annexure C-V, Notes to the Restated Consolidated Financial Information appearing in Annexure C-V, Statement of Adjustmets to Audited Consolidated Financial Statements appearing in Annexure C-VI, Restated Consolidated Statement of Dividend Paid appearing in Annexure C-VII, and Restated Consolidated Statement of Accounting Ratios appearing in Annexure C-VIII.

For Pankaj R. Shah & Associates
Chartered Accountants
FRN No.: 107361W

Sd/-

CA Nilesh Shah
Designated Partner
M. No. : 107414

Date : 10-08-2018
Place : Ahmedabad

For and on behalf of the Board of Directors
(CIN : U29259GJ1986PLC008520)

Sd/-

Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-

Harish Rangwala
Managing Director
DIN: 00278062

Sd/-

Pilak Shah
Whole-time director and CFO

Sd/-

Kiran Mohanty
Chief Compliance Officer & CS

Date : 10-08-2018
Place : Ahmedabad

HARSHA ENGINEERS LIMITED

Annexure C - V : Notes to Restated Consolidated Financial Statements

Note 1 Statement of significant Accounting policies and practices

A. Reporting Entity

Harsha Engineers expresses itself as a core engineering company which consistently focuses on continuous learning and experience to produce world class products. Since its inception in 1972, Harsha has leveraged continuous customer engagement to embed world class manufacturing practices thriving on an ecosystem of precision engineering.

From an early start as the manufacturer of taper roller bearing cages, the company runs multiple manufacturing bays for brass, steel, and polyamide cages as well a capability to deliver stamping components primarily for the automotive sector. Using manufacturing flexibility and cost competitiveness as its biggest strengths, Harsha has created an emphatic global footprint while adhering to key compliances for manufacturing and environmental standards.

B. Basis of preparation

B.1. Statement of compliance with Ind AS

These consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 notified under section 133 of Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

The Group has adopted all the relevant Ind AS standards and the adoption was carried out in accordance with Ind AS 101, "First Time Adoption of Indian Accounting Standards". The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliation and description of the effect of the transition have been summarized in **Note 30**.

The transition to Ind AS has resulted in changes in the presentation of the consolidated financial statements, disclosures in the notes thereto and accounting policies and principles.

The Restated Consolidated Statement of Assets and Liabilities of the Harsha Engineers Limited as at March 31,2018, March 31, 2017 and March 31, 2016 and related Restated Consolidated Summary Statement of Profit and Loss. RestatedConsolidated Summary Statement of Cash Flow for the year ended March 31, 2018, March 31, 2017 and March 31, 2016 (hereinafter collectively referred to as "Restated Consolidated Financial Information")
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 proposed Initial Public Offering through Offer for Sale(IPO) of its equity.

The Consolidated Proforma Financial Information of the Company as at and for the year ended March 31, 2016, is prepared in accordance with requirements of SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/4 dated March 31, 2016 ("SEBI Circular"). As envisaged by the SEBI Circular, the Company has followed the same accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) as initially adopted on its Ind AS transition date (i.e April 1,2016) while preparing proforma financial information for the FY 2015-16 and accordingly suitable restatement adjustments in the accounting heads have been made in the proforma financial information. This proforma Ind AS financial information have been prepared by making Ind AS adjustments to the audited Indian GAAP financial statements as at and for the year ended March 31, 2016.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting.

B.2. Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (INR), which is also the functional currency. All the amounts have been rounded off to the nearest lakhs, unless otherwise indicated.

B.3. Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items:

ITEMS	MEASUREMENT BASIS
1) Investments in Mutual Funds	Fair value
2) Employee Defined Benefit Plans	Plan Assets measured at fair value less present value of defined benefit obligation
3) Certain Financial Assets & Liabilities (Including Derivative Instruments)	Fair value

B.4. Use of Estimates and Judgements

In preparing these consolidated financial statements , management has made judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from these estimates.

Estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. They are based on historical experience and other factors including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Revisions to the accounting estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the respective note.

Assumptions and Estimation Uncertainties:

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the respective note.

B.5. Measurement of Fair Values

The Group has established control framework with respect to the measurement of fair values. The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Group assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e derived from prices).

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the respective note.

C. Significant Accounting policies

C.1. Basis for Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Transactions eliminated on consolidation

The Consolidated financial statements have been prepared on the following basis:

I. The consolidated financial statements of the Subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Indian Accounting Standard-(Ind AS).

II. In case of Foreign Subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the year end; any exchange difference arising on same is recognized in "Foreign Currency Translation Reserve".

III. The difference between the costs of investments in the subsidiaries over the net assets at the time of acquisition of the investment in the subsidiaries is recognized in the consolidated financial statements as Goodwill or Capital Reserve as the case may be.

IV. Non-controlling interest's share of net profit/loss of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to Shareholders of the Group.

V. Non-controlling interest's share of net assets of consolidated subsidiaries for the year is identified and presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Group's Shareholder.

VI. As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations if any have been made in the consolidated financial statements.

C.2. Foreign Currency

Transactions in foreign currencies are translated into the functional currency of the Group at exchange rates at the date of transactions or an average rate if the average rate approximates the actual rate at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Foreign Exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary-assets and liabilities denominated in foreign currency at year end exchange rate are generally recognised in profit or loss. A Monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in foreign currency are translated at the exchange rate at the date of transaction. Exchange differences are recognised in the profit or loss, except exchange differences arising from the translation of qualifying cash flow hedges to the extent hedges are effective which are recognised in Other Comprehensive Income (OCI).

C.3. Financial Instruments

1. Financial Assets

i) Classification

The Group classifies its financial assets in the following measurement categories:

• Those measured at amortized cost and

• Those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss)

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

• A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL :

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of a financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

• Financial assets are not reclassified subsequent to their initial recognition except if and in the period the Company changes its business model for managing financial assets.

ii) Measurement

At initial recognition, the Company measures a financial asset when it becomes a party to the contractual provisions of the instruments and measures at its fair value except trade receivables which are initially measured at transaction price. Transaction costs are incremental costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. A regular way purchase and sale of financial assets are accounted for at trade date.

iii) Subsequent Measurement and Gains and Losses

-Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains including any interest or dividend income, are recognized in profit or loss.

-Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

iv) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

2. Financial Liabilities

i) Classification, Subsequent Measurement and Gains and Losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

ii) Derecognition

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the profit or loss.

3. Offsetting

Financial assets and financial liabilities are off set and the net amount presented in the balance sheet when and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

4. Investment in Subsidiaries

Investment in subsidiaries is carried at cost in the separate financial statements.

D. Derivative Instruments and Hedge Accounting

The Group strictly uses foreign currency forward contracts / interest rate swap to hedge its risks associated with foreign currency / Interest rate fluctuations relating to certain forecasted transactions. As per Ind AS 109-Financial Instruments- Foreign currency forward contract / interest rate swap derivative instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges are treated as Fair value Through Profit & Loss

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

E. Property, Plant and Equipment

i. Recognition and Measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation, and accumulated impairment losses, if any, except freehold land which is carried at historical cost.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and nonrefundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Useful lives have been determined in accordance with Schedule II to the Companies Act, 2013. The residual values are not more than 5% of the original cost of the asset.

Capital Work-in-progress includes cost of assets at sites and constructions expenditure.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1st April, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

iii. Subsequent Expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iv. Depreciation/Amortisation

Depreciation is calculated on cost of items of property, plant and equipment (other than freehold land and properties under construction) less their estimated residual values over their estimated useful lives using the straight-line method and is generally recognised in the statement of profit and loss. Amortization on leasehold land is provided over the period of lease.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed of).

Name of Subsidiaries	Basis of Depreciation
Harsha Engineers B.V.	Straight Line Method
Harsha Precision Bearing Components (China) Co. Ltd.	Straight Line Method
Harsha Engineering Components (Changshu) Co. Ltd.	Straight Line Method
Aastha Tools Pvt. Ltd.	Straight Line Method
Harsha Engineers (India) Pvt. Ltd.	Straight Line Method

v. Derecognition

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of assets.

F. Intangible Assets

i. Initial Recognition and Classification

Goodwill is not amortised. It is tested annually for impairment.

Other intangible assets including those acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in profit or loss as incurred.

iii. Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

iv. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over the estimated useful lives using the straight line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

The estimated useful lives of software are 6 years. Goodwill is not amortized and is tested for impairment annually.

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

v. Derecognition

An item of an intangible asset is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of assets.

G. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work-in-progress is valued at actual cost of production.

Cost of raw materials, stores and spares are determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

Excess/shortages if any, arising on physical verification are absorbed in the respective consumption accounts.

H. Impairment

i. Impairment of Financial Assets

The Group recognizes loss allowances for financial assets measured at amortized cost Using expected credit loss model. At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit- impaired. A financial asset is ‘credit- impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

For trade receivables, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses. For all other financial assets, the Group measures loss allowances at an amount equal to twelve months expected credit losses unless there has been a significant increase in credit risk from initial recognition in which those are measured at lifetime expected credit risk.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial asset. Twelve months expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the twelve months after the reporting date (or a shorter period if the expected life of the instrument is less than twelve months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forwardlooking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 360 days past due. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full.

Measurement of Expected Credit Losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of Allowance for Expected Credit Losses in the Balance Sheet Loss allowances for financial assets measured at amortised cost are deducted from the gross

Presentation of Allowance for expected Credit Losses in the Balance Sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines (on the basis of availability of the information) that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

ii. Impairment of Non-Financial Assets

The Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of mpairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss.

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

I. The list of Subsidiary Companies included in consolidation with Harsha Engineering Limited

HEL and HEL's shareholding therein is as under:

Name of Subsidiaries	Country of Incorporation	Ownership Interest held by the group			Proportion of ownership interests and voting rights held by non-controlling interests		
		As at 31st March 2018	As at 31st March 2017	As at 31st March 2016	As at 31st March 2018	As at 31st March 2017	As at 31st March 2016
Harsha Engineers B.V	Netherland	100.00%	100.00%	100.00%	-	-	-
Harsha Precision Bearing Components (China) Co. Ltd.	China	100.00%	100.00%	100.00%	-	-	-
Harsha Engineering Components (Changshu) Co. Ltd.	China	100.00%	100.00%	100.00%	-	-	-
Harsha Engineers Europe SRL*	Romania	99.99984%	99.98945%	99.99996%	0.00016%	0.01055%	0.000041%
Aastha Tools Pvt. Ltd.	India	75.00%	75.00%	75.00%	25.00%	25.00%	25.00%
Harsha Abakus Solar Private Limited	India	0.00%	0.00%	52.50%	100.00%	100.00%	48.50%
Harsha Engineers (INDIA) Private Limited	India	100.00%	100.00%	100.00%	-	-	-

*Subsidiary of Harsha Engineers B.V. - Stepdown subsidairy of HEL

The summary of PAT from all the subsidiaries has been presented below after considering the inter company adjustments for the years as mentioned below:

(Rs.in millions)

Name of the entity	Financial Years	INCOME			EXPENSES	PROFIT/ (LOSS) BEFORE TAX	PROFIT/ (LOSS) AFTER TAX
		Revenue from operations	Other income	TOTAL	TOTAL		
Harsha Engineers Limited	2017-18	5073.16	415.74	**5488.89**	4546.12	942.77	**605.78**
Harsha Engineers B.V.		2028.46	-25.28	**2003.18**	2038.02	-34.84	**-34.83**
Harsha Precision Bearing Components (China) Co. Ltd		403.59	1.98	**405.57**	435.06	-29.49	**-29.49**
Harsha Engineering Components (Changshu) Co. Ltd.		591.53	3.00	**594.53**	580.81	13.72	**13.72**
Aastha Tools Pvt.Ltd.		149.27	0.17	**149.43**	128.67	20.77	**14.97**
Consolidation Adjustments		-570.72	-27.03	**-597.75**	-594.91	-2.84	**-6.59**
Harsha Engineers Limited-(Consolidated)		**7675.29**	**368.57**	**8043.85**	**7133.77**	**910.09**	**563.56**

Harsha Engineers Limited	2016-17	3557.69	157.58	**3715.26**	3254.12	461.15	**326.88**
Harsha Engineers B.V.		1169.01	25.29	**1194.30**	1334.29	-139.99	**-139.98**
Harsha Precision Bearing Components (China) Co. Ltd		279.56	0.51	**280.07**	348.71	-68.64	**-68.64**
Harsha Engineering Components (Changshu) Co. Ltd.		368.40	0.53	**368.93**	383.52	-14.59	**-14.59**
Aastha Tools Pvt.Ltd.		104.41	0.21	**104.62**	94.33	10.29	**7.29**
Harsha Abakus Solar Private Limited		927.98	7.68	**935.66**	997.32	-61.66	**0.00**
Consolidation Adjustments		-242.10	-4.52	**-246.61**	-264.30	17.68	**-1.40**
Harsha Engineers Limited-(Consolidated)		**6164.94**	**187.28**	**6352.22**	**6148.00**	**204.22**	**109.56**
Harsha Engineers Limited	2015-16	3294.30	218.16	**3512.46**	3100.60	411.86	**306.88**
Harsha Engineers B.V.		136.44	8.65	**145.08**	158.90	-13.82	**-13.82**
Harsha Precision Bearing Components (China) Co. Ltd		179.07	15.34	**194.41**	265.47	-70.67	**-70.67**
Harsha Engineering Components (Changshu) Co. Ltd.		344.95	0.00	**344.95**	351.17	-6.61	**-6.61**
Aastha Tools Pvt.Ltd.		109.43	0.28	**109.71**	105.34	4.38	**2.75**
Harsha Abakus Solar Private Limited		2444.73	19.59	**2464.32**	2425.04	39.28	**29.17**
Consolidation Adjustments		-161.22	-12.40	**-173.62**	-173.74	0.12	**-14.51**
Harsha Engineers Limited-(Consolidated)		**6347.70**	**249.61**	**6597.31**	**6232.76**	**364.55**	**233.21**

J. Employee Benefits

i. Short Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

ii. Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

iii. Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount using market yields at the end of reporting period on government bonds and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the Asset Ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates topast service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediatelyin profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

K. Provisions (other than Employee Benefits), Contingent Liabilities and Contingent Assets

A provision is recognized when the Group has a present legal obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the Current best estimates. Contingent liabilities are not recognized but are disclosed in the notes to the Financial Statements. A contingent asset is neither recognized nor disclosed if inflow of economic benefit is probable.

L. Revenue Recognition

i. Sale of Goods:

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

The timing of transfers of risks and rewards varies depending on the individual terms of sale, usually in case of domestic, such transfer occurs when the product is sold on ex-works; however, for exports transfer occurs upon loading the goods onto the relevant carrier at the port of seller. Generally for such products buyer has no right to return.

ii. Export Benefits
Export Benefits are recognised as income on all the eligible exports and where there is no significant uncertainty regarding the ultimate collection of relevant exports.

M. Recognition of Dividend Income, Interest Income
Dividend on financial instruments is recognized as and when realized. Interest is recognized on accrual basis.

N. Income Tax
The Group and other Indian subsidiaries:
Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised
i. Current Tax
Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date. Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Foreign Companies:
Foreign Companies recognize tax liabilities and assets in accordance with the local laws.
ii. Deferred Tax
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.
Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets - unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.
The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.
Deferred tax assets or liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on net basis or their tax assists and liabilities will be realised simultaneously.

O. Cash and Cash Equivalents
Cash and Cash equivalents include cash and cheques in hand, bank balances, demand deposits with banks and other short term highly liquid investments that are readily convertible to know amounts of cash and which are subject to an insignificant risk of changes in value where original maturity is three months or less.

P. Borrowing Cost
Borrowing Cost are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of cost of asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Q. Lease
The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.
For arrangements entered into prior to 1st April 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition. However, lease classification is determined at the inception of lease.

Lease accounting
As a lessee
Finance lease
At the commencement of the lease term, the Company recognizes finance leases as assets and liabilities in its balance sheet at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. The discount rate used in calculating the present value is the interest rate implicit in the lease or the Company's incremental borrowing rate. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

Operating lease

Lease payments under an operating lease are recognized as an expenses on a straight-line basis over the lease term unless either:

A. another systematic basis is more representative of the time pattern of the user's benefit; or

B. the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Finance lease

Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Operating lease

Lease income from operating lease (excluding amount for services such as insurance and maintenance) is recognized in the statement of profit or loss on a straight-line basis over the lease term, unless either:

A. another systematic basis is more representative of the time pattern of the user's benefit; or

B. the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

R. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit after tax for the year attributable to Equity Shareholders of the Group by the weighted average number of Equity Shares outstanding during the year. Diluted earnings per Share is calculated by dividing net profit attributable to equity Shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year plus potential equity shares.

S. Cash Flow Statement

Cash flows are reported using the indirect method whereby the profit before tax is adjusted for the effect of the transactions of a non cash nature, any deferrals or accruals of past and future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

T. Events Occuring after the Reporting Date

Adjusting events (that provides evidence of condition that existed at the balance sheet date) occurring after the balance sheet date are recognized in the financial statements. Material non adjusting events (that are inductive of conditions that arose subsequent to the balance sheet date) occurring after the balance sheet date that represents material change and commitments affecting the financial position are disclosed in the Director's Report.

The Company has declared dividend of Rs. 5/- per equity share amounting to Rs 602.07 Lakhs and dividend distribution tax of Rs. 123.79 Lakhs thereto for the year ended 31st March, 2018.

HARSHA ENGINEERS LIMITED

Annexure C - V : Notes to Restated Consolidated Financial Statements

Note : 2 Property, Plant & Equipment

For the year 2017-18 **(Rs. In Million)**

Particulars	Gross Block					Depreciation and Amortization					Net Block	
	As at 1st April 2017	Addition during the year	Disposal/ Adjustment	Adjustments*	As at 31st March 2018	As at 1st April 2017	For the year	Adjustments*	Disposal/ Adjustment	As at 31st March 2018	As at 31st March 2018	As at 31st March 2017
Solar Machinery	153.10	-	-	-	153.10	34.78	5.60	-	-	40.38	112.73	118.32
Laboratory Equipment	36.25	6.59	-	-	42.84	14.17	3.78	-	-	17.95	24.89	22.08
Carpeted Roads-RCC	28.39	-	-	-	28.39	21.10	1.41	-	-	22.50	5.88	7.29
Server & Network	11.50	0.42	-	-	11.92	9.95	0.43	-	-	10.38	1.53	1.55
Office Equipments	32.22	1.45	0.64	1.90	34.94	24.65	3.11	1.50	1.65	27.60	7.34	7.58
AC Plant And Acs	45.31	3.29	-	-	48.60	37.74	3.79	-	3.53	38.00	10.60	7.57
Tools & Equipment	150.35	2.30	-	16.43	169.08	114.77	12.50	13.01	2.92	137.36	31.72	35.58
Electric Installation	98.74	5.19	-	0.44	104.36	54.18	7.74	0.39	-	62.32	42.05	44.55
Computers	24.86	1.80	-	0.26	26.92	19.50	2.45	0.25	0.02	22.18	4.74	5.35
Land	103.94	95.90	-	5.29	205.13	7.29	1.49	0.85	-	9.64	195.49	96.65
Buildings	654.16	10.14	-	13.27	677.57	171.89	26.14	5.56	-	203.59	473.98	482.27
Plant And Machinery	3,084.70	91.44	1.94	186.11	3,360.30	2,071.56	231.29	113.12	35.47	2,380.50	979.80	1,013.14
Furniture And Fittings	84.04	10.51	-	0.39	94.94	46.54	5.59	0.09	1.20	51.02	43.92	37.50
Wind Mill	57.29	-	-	-	57.29	34.88	2.03	-	-	36.91	20.39	22.42
Vehicles	26.93	11.77	-	1.61	40.31	14.56	3.83	1.21	1.18	18.41	21.90	12.37
TOTAL	**4,591.77**	**240.81**	**2.58**	**225.69**	**5,055.70**	**2,677.57**	**311.17**	**135.98**	**45.98**	**3,078.74**	**1,976.96**	**1,914.21**
Intangible Assets												
Intangible Assets	100.24	5.12	-	42.89	148.25	85.67	7.58	41.81	-	135.07	13.18	14.56
TOTAL	**100.24**	**5.12**	**-**	**42.89**	**148.25**	**85.67**	**7.58**	**41.81**	**-**	**135.07**	**13.18**	**14.56**
Capital Work-in-progress												
Capital Work-in-progress	15.38	(0.67)	-	0.19	14.90	-	-	-	-	-	14.90	15.38
TOTAL	**15.38**	**(0.67)**	**-**	**0.19**	**14.90**	**-**	**-**	**-**	**-**	**-**	**14.90**	**15.38**

For the year 2016-17 **(Rs. In Million)**

Particulars	Gross Block					Depreciation and Amortization					Net Block	
	As at 1st April 2016	Addition during the year	Disposal/ Adjustment	Adjustments*	As at 31st March 2017	As at 1st April 2016	For the year	Adjustments*	Disposal/ Adjustment	As at 31st March 2017	As at 31st March 2017	As at 1st April 2016
Solar Machinery	153.10	-	-	-	153.10	29.19	5.60	-	-	34.78	118.32	123.92
Laboratory Equipment	39.04	-	2.79	-	36.25	12.29	3.99	-	2.11	14.17	22.08	26.75
Carpeted Roads-RCC	28.39	-	-	-	28.39	19.25	1.85	-	-	21.10	7.29	9.14
Server & Network	11.42	0.08	-	-	11.50	9.30	0.66	-	-	9.95	1.55	2.13
Office Equipments	22.37	11.22	0.92	(0.45)	32.22	15.11	6.94	3.21	0.61	24.65	7.58	7.27
AC Plant And Acs	45.13	0.18	-	-	45.31	33.05	4.72	-	0.03	37.74	7.57	12.08
Tools & Equipment	142.24	0.76	214.40	221.75	150.35	101.92	(116.04)	134.87	5.98	114.77	35.58	40.32
Electric Installation	97.96	1.17	-	(0.39)	98.74	46.47	8.80	(0.33)	0.75	54.18	44.55	51.49
Computers	35.90	0.11	10.92	(0.23)	24.86	27.59	4.17	(0.22)	12.05	19.50	5.35	8.31
Land	108.64	-	-	(4.70)	103.94	6.71	1.22	(0.63)	-	7.29	96.65	101.93
Buildings	663.31	2.15	-	(11.30)	654.16	149.38	26.97	(3.95)	0.51	171.89	482.27	513.93
Plant And Machinery	3,142.29	349.53	0.84	(406.28)	3,084.70	1,971.14	385.71	(246.75)	38.53	2,071.56	1,013.14	1,171.15
Furniture And Fittings	82.41	3.33	1.61	(0.10)	84.04	41.91	7.04	(0.07)	2.34	46.54	37.50	40.50
Wind Mill	57.29	-	-	-	57.29	32.82	2.06	-	-	34.88	22.42	24.48
Vehicles	33.43	18.93	25.12	(0.31)	26.93	16.48	(7.40)	14.14	8.66	14.56	12.37	16.95
TOTAL	**4,662.92**	**387.44**	**256.59**	**(202.00)**	**4,591.77**	**2,512.59**	**336.29**	**(99.74)**	**71.57**	**2,677.57**	**1,914.21**	**2,150.34**

HARSHA ENGINEERS LIMITED

Annexure C - V : Notes to Restated Consolidated Financial Statements

Note : 2 Property, Plant & Equipment

Intangible Assets											
Intangible Assets	105.84	1.70	0.82	(6.49)	100.24	81.16	10.40	(5.22)	0.66	85.67	14.56	24.68
TOTAL	**105.84**	**1.70**	**0.82**	**(6.49)**	**100.24**	**81.16**	**10.40**	**(5.22)**	**0.66**	**85.67**	**14.56**	**24.68**
Capital Work-in-progress											
Capital Work-in-progress	132.67	11.89	116.66	(12.53)	15.38	-	-	-	-	-	15.38	132.67
TOTAL	**132.67**	**11.89**	**116.66**	**(12.53)**	**15.38**	**-**	**-**	**-**	**-**	**-**	**15.38**	**132.67**

For the year 2015-16 **(Rs. In Million)**

Particulars	**Gross Block**					**Depreciation and Amortization**					**Net Block**	
	As at 1st April 2015	**Addition during the year**	**Disposal/ Adjustment**	**Adjustments***	**As at 31st March 2016**	**As at 1st April 2015**	**For the year**	**Adjustments***	**Disposal/ Adjustment**	**As at 31st March 2016**	**As at 31st March 2016**	**As at 1st April 2015**
Solar Machinery	153.11	-	-	(0.00)	153.10	2.36	5.60	21.23	-	29.19	123.92	150.75
Laboratory Equipment	36.88	2.16	-	0.00	39.04	0.79	4.34	7.15	-	12.29	26.75	36.09
Carpeted Roads-RCC	28.39	-	-	0.00	28.39	1.46	4.65	13.14	-	19.25	9.14	26.93
Server & Network	10.60	0.83	-	0.00	11.42	0.86	0.70	7.74	-	9.30	2.13	9.74
Office Equipments	20.61	1.67	-	0.10	22.37	1.18	3.32	10.70	0.09	15.11	7.27	19.43
AC Plant And Acs	43.70	1.44	-	(0.00)	45.13	2.80	5.45	25.24	0.44	33.05	12.08	40.89
Tools & Equipment	132.66	6.46	-	3.12	142.24	12.63	11.28	78.01	-	101.92	40.32	120.03
Electric Installation	94.60	3.26	-	0.10	97.96	3.65	9.98	32.88	0.04	46.47	51.49	90.96
Computers	32.01	3.83	-	0.06	35.90	2.30	4.74	20.75	0.20	27.59	8.31	29.71
Land	107.40	-	-	1.24	108.64	0.53	1.26	4.92	-	6.71	101.93	106.87
Buildings	656.58	4.31	-	2.42	663.31	20.66	21.22	107.50	-	149.38	513.93	635.92
Plant And Machinery	3,055.48	71.89	-	14.92	3,142.29	569.24	176.79	1,230.43	5.31	1,971.14	1,171.15	2,486.25
Furniture And Fittings	79.65	2.74	-	0.02	82.41	3.42	7.72	30.77	-	41.91	40.50	76.23
Wind Mill	68.91	-	(12.28)	(23.89)	57.29	4.18	2.05	37.97	11.38	32.82	24.48	64.73
Vehicles	39.18	0.67	(5.83)	(12.25)	33.43	1.51	4.88	13.29	3.20	16.48	16.95	37.67
TOTAL	**4,559.74**	**99.24**	**(18.11)**	**(14.17)**	**4,662.92**	**627.58**	**263.97**	**1,641.70**	**20.66**	**2,512.59**	**2,150.34**	**3,932.17**
Intangible Assets												
Intangible Assets	100.44	4.61		0.79	105.84	25.20	15.50	40.46	-	81.16	24.68	75.24
TOTAL	**100.44**	**4.61**	**-**	**0.79**	**105.84**	**25.20**	**15.50**	**40.46**	**-**	**81.16**	**24.68**	**75.24**
Capital Work-in-progress												
Capital Work-in-progress	54.52	78.16		(0.00)	132.67	-	-	-	-	-	132.67	54.52
TOTAL	**54.52**	**78.16**	**-**	**(0.00)**	**132.67**	**-**	**-**	**-**	**-**	**-**	**132.67**	**54.52**

The Proforma financial information of the Company as at and for the year ended March31, 2016, is prepared in accordance with requirements of SEBI Circular SEBI/ HO/ CFD/ DIL/ CIR/ P/ 2016/ 47 dated March 31, 2016 ("SEBI Circular"). As envisaged by the SEBI Circular, the Company has followed the same accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) as initially adopted on its Ind AS transition date (i.e. April 1, 2016) while preparing the proforma financial information for the FY 2015-16 and accordingly suitable restatement adjustments in the accounting heads has been made in the proforma financial information. This proforma Ind AS financial information have been prepared by making Ind AS adjustments to the audited Indian GAAP financial statements as at and for the year ended March 31, 2016 as described in this Note, accordingly difference would arise in the Opening balance of Plant, Property & Equipment as at April 1, 2016.

*** Adjustments Include Foreign Exchange Gain or Loss in respects of asset held by Foreign Subsidiary.**

HARSHA ENGINEERS LIMITED

Annexure C - V : Notes to Restated Consolidated Financial Statements

Note 3
Goodwill on Consolidation (Rs. In Million)

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Goodwill on Consolidation	682.80	558.99	557.28
Total Goodwill on Consolidation	**682.80**	**558.99**	**557.28**

Note 4
Investments (Rs. In Million)

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Non-current			
Investments-Capital A/c-Cleanmax Harsha Solar LLP	-	-	0.25
Total non-current investments	**-**	**-**	**0.25**
Current			
Birla Sun Life Cash Plus-Growth-Reg Plan	-	130.24	-
Investment-Current A/c Cleanmax Harsha Solar LLP	-	-	17.75
Total current investments	**-**	**130.24**	**17.75**

Note 5
Loans (Rs. In Million)

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Non-Current			
(Unsecured, Considered Good)			
Capital Advances	62.69	4.67	2.96
Loans to Employees	0.77	1.31	1.38
Security Deposits	3.63	2.38	3.05
Loan to subsidiaries	-	-	0.00
Other Loan & Advances	0.03	1.03	4.17
Total Non - current loans	**67.12**	**9.40**	**11.55**
Current			
Balances With Government Authority	234.48	136.28	170.59
Export Benefits Receivables	-	-	-
Prepaid Expenses	61.88	56.13	84.31
Loan To Employees	1.59	1.92	3.72
Advances To Suppliers	22.71	11.39	20.45
Income Receivable & Other Advances	20.99	34.63	36.07
Total current loans	**341.65**	**240.35**	**315.13**

Note 6
Other financial assets (Rs. In Million)

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Current			
Derivative Asset	(0.00)	26.34	5.69
Export Benefits Receivables (MEIS & DEPB)	55.44	39.88	49.34
Hedging Premium Receivable	13.74	8.33	6.79
Freight Receivables	9.66	7.18	4.13
Advance Payment Of Tax (Net of Provisions)	-	-	-
Other	0.48	-	-
Total other current assets	**79.33**	**81.73**	**65.95**

Note 7
Inventories (Rs. In Million)

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Raw Material	198.37	158.07	161.84
Semi Finished	168.19	116.48	90.50
Finished	685.81	484.86	396.92
Stores & Spares	124.02	147.47	74.27
Toolings	577.28	501.88	509.23
Project bought-out Components-Solar	-	-	14.35
Stock in trade-Solar	-	-	0.53
Total inventories	**1,753.67**	**1,408.76**	**1,247.63**

HARSHA ENGINEERS LIMITED

Annexure C - V : Notes to Restated Consolidated Financial Statements

Note 8
Trade receivables (Rs. In Million)

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Trade receivables	1,638.42	1,113.51	2,302.30
Total trade receivables	**1,638.42**	**1,113.51**	**2,302.30**

Note 9
Cash and other bank balances (Rs. In Million)

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Cash and cash equivalents			
Cash on hand	0.96	1.30	1.47
Balances with banks	-	-	-
In current accounts	69.48	174.01	94.94
In Fixed Deposit accounts	134.85	201.68	367.76
Cheque in hand			
Total cash and cash equivalents	**205.29**	**376.99**	**464.17**
Other bank balances			
Margin money deposits	-	-	4.93
Liquid deposit	-	-	-
Total other bank balances	**-**	**-**	**4.93**

HARSHA ENGINEERS LIMITED

Annexure C - V : Notes to Restated Consolidated Financial Statements

Note 10

Equity share capital **(Rs. In Million)**

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Authorised share capital			
1,50,00,000 Equity Shares of Rs.10/ each	150.00	150.00	150.00
Increase in authorised share capital by 2,00,00,000 Equity Shares of Rs.10/ each for issuing of bonus shares as on 27-06-2018			
Total	**150.00**	**150.00**	**150.00**

(Rs. In Million)

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Issued, subscribed and paid up capital			
1,20,41,400 Equity Shares of Rs. 10/- each	120.41	120.41	120.41
Increase in share capital by issue of bonus shares- 1,20,41,400 Equity Shares of Rs.10/ each as on 27-06-2018			
Total	**120.41**	**120.41**	**120.41**

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars		No of shares	Amount
As at 1st April 2015			
At the beginning of the year		12.04	120.41
Add : Shares issued during the year		-	-
As at 31st March 2016		**12.04**	**120.41**
As at 1st April 2016			
At the beginning of the year		12.04	120.41
Add : Shares issued during the year		-	-
As at 31st March 2017		**12.04**	**120.41**
As at 1st April 2017			
At the beginning of the year		12.04	120.41
Add : Shares issued during the year		-	-
As at 31st March 2018		**12.04**	**120.41**

HARSHA ENGINEERS LIMITED

Annexure C - V : Notes to Restated Consolidated Financial Statements

Details of shareholder(s) holding more than 5% Equity Shares

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Name of Shareholder			
Mr. Rajendra Shah	1,802,698	1,802,690	1,802,690
Ms. Nirmala Shah	1,800,000	1,800,000	1,800,000
Mr. Pilak Shah	1,200,000	1,200,000	1,200,000
Mr. Harish Rangwala	1,801,348	1,801,346	3,001,346
Ms. Charusheela Rangwala	1,801,348	1,801,348	3,001,348
Mr. Vishal Rangwala	960,000	1,200,000	-
Mr.Munjal Rangwala	1,200,000	1,200,000	-
% Holding in equity shares			
Mr. Rajendra Shah	14.97%	14.97%	14.97%
Ms. Nirmala Shah	14.95%	14.95%	14.95%
Mr. Pilak Shah	9.97%	9.97%	9.97%
Mr. Harish Rangwala	14.96%	14.96%	24.93%
Ms. Charusheela Rangwala	14.96%	14.96%	24.93%
Mr. Vishal Rangwala	7.97%	9.97%	-
Mr.Munjal Rangwala	9.97%	9.97%	-

Note 11

Other equity **(Rs. In Million)**

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
General Reserve	377.95	377.95	360.26
Retained Earnings	1,922.48	1,356.96	1,295.04
Reserves representing unrealized gains/losses	(4.18)	(1.81)	(1.24)
Foreign Currency Translation Reserve	91.20	66.61	99.42
Security Premium	-	-	7.50
Total other equity	**2,387.45**	**1,799.72**	**1,760.98**

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Security Premium			
Opening Balance	-	7.50	7.50
Add/Less: Addition/(Deduction)	-	(7.50)	-
Total security premium		**-**	**7.50**

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
General reserve			
Opening Balance	377.95	360.26	360.26
Add: Transfer During the Year	-	21.94	-
Less: (Reversal Of Merger Premium)	-	(4.25)	-
Total General reserve	**377.95**	**377.95**	**360.26**

HARSHA ENGINEERS LIMITED

Annexure C - V : Notes to Restated Consolidated Financial Statements

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Retained earnings			
Opening Balance	1,356.96	1,295.04	1,172.13
Add:			
Profit during the year	565.94	110.13	234.45
Adjusted reserve	(0.42)	(48.20)	(2.34)
Less:			
Changes in accounting policy / prior period errors	-	-	(25.71)
Forex Adjustment due to conversion of foreign subsidiaries	-	-	(11.02)
Interim Dividend	-	-	(60.21)
Tax On Interim Dividend	-	-	(12.26)
Total retained earnings	**1,922.48**	**1,356.96**	**1,295.04**

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Foreign Currency Translation Reserve			
Opening Balance	66.61	99.42	94.90
Increase/(Decrease) During the Year	182.25	(139.27)	4.52
Additional Difference	(157.66)	106.46	-
Total reserves FCTR	**91.20**	**66.61**	**99.42**

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Reserves representing unrealized FVOCI - equity investments			
Opening Balance	0.16	-	-
Increase/(Decrease) fair value of FVOCI equity instruments	(0.24)	0.24	-
Income Tax relatong to above item	0.08	(0.08)	-
Total reserves equity instrument	**-**	**0.16**	**-**
Remeasurement of employee benefit			
Opening Balance	(1.96)	(1.24)	-
Increase/(Decrease) During the Year	(3.42)	(1.10)	(1.24)
Income Tax relatong to above item	1.20	0.38	-
Total reserves employee benefit	**(4.18)**	**(1.96)**	**(1.24)**
Total	**(4.18)**	**(1.81)**	**(1.24)**

Note 12

Non-Controlling Interest **(Rs. In Million)**

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Non-Controlling Interest	15.12	11.39	119.59
Total Non-Controlling Interest	**15.12**	**11.39**	**119.59**

HARSHA ENGINEERS LIMITED

Annexure C - V : Notes to Restated Consolidated Financial Statements

Note 13
Borrowings

(Rs. In Million)

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Non-current borrowings			
Secured			
From Export-Import Bank of India (EXIM BANK) (Joint Charge on various assets with Citi Bank N.A. as per the sanction letter dated 17th Feb 2016)	420.00	540.00	600.00
From ICICI BANK LTD. (Secured by exclusive charge on 1MW Solar Power Plant and collaterally secured by plant and machinery of DGBB Unit.)	-	21.24	49.61
From CITI BANK N.A. (First pari passu charge on Land & Building of Moraiya plant)	686.97	820.28	1,029.47
From HDFC Bank	6.81	10.70	16.31
From HSBC LTD.	-	-	80.00
From Kotak Bank (Secured by hypothecation of Staff Bus.)	11.50	-	-
Unsecured			
Loan from Director	0.15	0.15	0.15
Total non-current borrowings	**1,125.43**	**1,392.36**	**1,775.54**
Current borrowings			
Secured			
HSBC Bank	-	-	36.61
SBI BANK			
Cash Credit Account - SBI	1.44	-	80.20
Working Capital Loan - SBI	-	-	100.00
Bills Discounted and Export Packing Credit - SBI	246.96	275.74	12.80
WCDL Loan	-	-	133.57
(Secured by Hypothecation of Inventories, debtors first ranking pari passu with Citibank and collateral security by way of Hypothecation of movable assets except plant and Machineries of DGBB unit and Brass Moraiya unit & immovable asset)			

HARSHA ENGINEERS LIMITED

Annexure C - V : Notes to Restated Consolidated Financial Statements

CITI BANK			
Cash Credit Account	44.27	41.08	43.02
Working Capital Loan	58.39	42.09	114.69
Bills Discounted and Export Packing Credit - CITI Bank (Secured by hypothecation of Inventories, debtors first ranking pari passu with SBI)	175.62	233.88	304.74
YES BANK			
Cash Credit Account	175.00	-	-
Unsecured			
Loan from Director	6.44	5.82	334.13
Deposit From Directors	44.01	157.33	88.28
Deposit From Shareholders	39.57	133.09	128.52
Hdfc Bank Ltd.(Unsecured Short Term Loan)	-	-	-
Loan from Bank	296.91	314.59	200.00
Total current borrowings	**1,088.60**	**1,203.62**	**1,576.56**

Terms And Conditions

Particulars

(1) Citi Bank

Security:

1) First pari passu charge on land & Building of Moraiya Plant of Harsha Engineers Limited, India.

2) Pledge of 100% shares of Harsha Engineers BV, Netherland as well as Harsha Engineers Europe SRL pari passu with Exim Bank of India.

3) First pari passu charge alongwith Exim Bank of India on entire current assets of Harsha Engineers Europe SRL.

4) First pari passu charge alongwith Exim Bank of India on entire movable and immovable assets of Harsha Engineers Europe SRL.

5) Unconditional and irrevocable personal Guarantees of 1) Mr. Rajendra Shah and 2) Mr. Harish Rangwala. The said personal Guarantees will be released on completion of 18 months from the date of first disbursement, subject to compliance with all the financial and non financial covenants stipulated for the loan

Brief terms and conditions of the term loans including re-schedulement, prepayment, penalty, default, etc

1) Re-schedulement : at the lender's discretion

2) Prepayment : Allowed after 2 years from drawdown at NIL cost, otherwise 2% of sanction amount or principal outstanding whichever is higher

3) Penalty : penalty will be @4% p.a. over the rate derived, on overdues/delays/default in payment of monies

4) Default : No payment of principal or interest on due date, breach of financial covenants, misrepresentations, cross default and cross acceleration, Insolvancy, unlawfulness, repudiation, failure in security perfection, Expropriation, Material adverse change, cessation of business foreign exchange restriction etc., Lender wil have the right to dominate any of its officials as a nominee director on the board of Harsha Engineers Limited in event of default.

(2) EXIM Bank

Security:

1) First pari passu charge alongwith Citi Bank NA on land & Building of Harsha Engineers Limited, India.

2) First pari passu charge alongwith Citi Bank NA on Plant & Machinery and other movable fixed assets of the Brass Unit of Harsha engineers Limited, India.

3) Pledge of 100% shares of Harsha Engineers BV, Netherland as well as Harsha Engineers Europe SRL pari passu with Citi Bank NA.

4) First pari passu charge alongwith Citi Bank NA on entire current assets of Harsha Engineers Europe SRL.

5) First pari passu charge alongwith Citi Bank NA on entire movable and immovable assets of Harsha Engineers Europe SRL.

6) Unconditional and irrevocable personal Guarantees of 1) Mr. Rajendra Shah and 2) Mr. Harish Rangwala. The said personal Guarantees will be released on completion of 18 months from the date of first disbursement, subject to compliance with all the financial and non financial covenants stipulated for the loan

Brief terms and conditions of the term loans including re-schedulement, prepayment, penalty, default, etc

1) Re-schedulement : at the lender's discretion

2) Prepayment : at the lender's discretion

3) Penalty : @2% p.a. over and above the applicable interest rate in case of default in principal or interest payment on due date

4) Default : No payment of principal or interest on due date, breach of financial covenants, misrepresentations, cross default and cross acceleration, Insolvancy, unlawfulness, repudiation, failure in security perfection, Expropriation, Material adverse change, cessation of business foreign exchange restriction etc., Lender wil have the right to dominate any of its officials as a nominee director on the board of Harsha Engineers Limited in event of default.

Rate of interest ranges from 2% to 15% p.a . On Long Term Borrowing
Rate of interest ranges from 10% to 13% p.a . On Loan from Directors.
Rate of interest ranges from 10% to 13% p.a . On Deposite from Directors.

Terms Of Repayments:

Non- Current Borrowing **(Rs. In Million)**

Particulars	**As at 31st March, 2018 (Ind AS)**	**As at 31st March, 2017 (Ind AS)**	**As at 1st April, 2016 (Proforma Ind AS)**
1-2 Years	375.35	373.79	274.74
2-3 Years	374.58	341.26	424.67
3-4 Years	372.61	340.30	359.65
Beyond 4 Years	3.04	337.99	498.85

Note 14

Provisions **(Rs. In Million)**

Particulars	**As at 31st March, 2018 (Ind AS)**	**As at 31st March, 2017 (Ind AS)**	**As at 31st March, 2016 (Proforma Ind AS)**
Non-Current			
Provision For Employees Benefits	41.39	37.27	45.29
Total non-current provisions	**41.39**	**37.27**	**45.29**
Current			
Provision for Taxation (Net of Advance Tax)	(7.75)	7.24	37.00
	-	-	-
Total current provisions	**(7.75)**	**7.24**	**37.00**

Note 15

Net employee benefit liabilities **(Rs. In Million)**

Particulars	**As at 31st March, 2018 (Ind AS)**	**As at 31st March, 2017 (Ind AS)**	**As at 31st March, 2016 (Proforma Ind AS)**
Current			
Provision for gratuity	0.92	0.61	1.13
Provision for leave encashment	-	-	-
Total current net employee benefit liabiliti	**0.92**	**0.61**	**1.13**

HARSHA ENGINEERS LIMITED

Annexure C - V : Notes to Restated Consolidated Financial Statements

Note 16
Deferred tax (Asset)/Liability **(Rs. In Million)**

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Deferred tax Asset	30.08	62.03	19.30
Total	**30.08**	**62.03**	**19.30**
Deferred tax Liability	98.63	78.87	52.15
Total	**98.63**	**78.87**	**52.15**
Net Deferred Tax (Asset)/Liability	**68.55**	**16.85**	**32.85**

Note 17
Other liabilities **(Rs. In Million)**

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Non-current			
Contingent Deposit From Vendors	15.19	12.53	9.58
Advance from Staff	0.68	0.80	2.61
Total non-current liabilities	**15.86**	**13.33**	**12.19**
Current			
Statutory Liabilites	222.59	142.30	146.47
Current maturities of long term debt	404.69	252.34	236.97
Interest accrued but not due on borrowings	2.60	2.23	3.09
Interest accrued and due on borrowings	6.64	22.81	8.11
Advance from Customers	0.75	9.82	9.04
Other liabilities	103.29	61.67	24.15
Derivative Liabilities	-	-	-
Total current liabilities	**740.55**	**491.17**	**427.84**

Note 18
Trade payables **(Rs. In Million)**

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Creditors for goods and services	1,165.42	768.77	1,378.63
Total trade payables	**1,165.42**	**768.77**	**1,378.63**

Note 19
Other Financial Liabilities **(Rs. In Million)**

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Current			
Derivative liability	11.36	1.37	6.63
Total trade payables	**11.36**	**1.37**	**6.63**

HARSHA ENGINEERS LIMITED

Annexure C - V : Notes to Restated Consolidated Financial Statements

Note 20
Revenue from operations **(Rs. In Million)**

Particulars	For the year ended 31st March, 2018 (Ind AS)	For the year ended 31st March, 2017 (Ind AS)	For the year ended 31st March, 2016 (Proforma Ind AS)
Net Sales	7,675.29	6,164.94	6,347.70
Total revenue from operations	**7,675.29**	**6,164.94**	**6,347.70**

Note 21
Other income **(Rs. In Million)**

Particulars	For the year ended 31st March, 2018 (Ind AS)	For the year ended 31st March, 2017 (Ind AS)	For the year ended 31st March, 2016 (Proforma Ind AS)
Recurring Income			
MEIS Income	77.05	53.64	50.57
DEPB Income	-	6.96	4.75
Duty Draw Back(DDB) Income	53.10	32.19	31.19
Focus Product (FPS) Income	(0.17)	(0.05)	3.08
Focus Market (FMS) Income	-	(0.34)	-
Solar Power Generation	20.85	22.56	23.72
Windmill Power Generation	11.37	13.11	14.70
Interest Income	19.83	16.73	28.69
Gain / Loss on Exchange Rate Fluctuation	200.25	(45.12)	22.40
Lease Rent & Miscellaneous Income	(1.57)	32.99	17.14
Gain / (Loss) on Export Hedging	(15.82)	54.35	35.64
	364.89	**187.03**	**231.88**
Non-Recurring Income			
Profit On sale Of assets	0.00	17.38	-
Gain / Loss on Sale of Investment	3.67	(17.13)	2.70
Excess Provisions Written back	-	-	15.03
	3.67	**0.25**	**17.73**
Total other income	**368.57**	**187.28**	**249.61**

Note 22
Cost of materials consumed **(Rs. In Million)**

Particulars	For the year ended 31st March, 2018 (Ind AS)	For the year ended 31st March, 2017 (Ind AS)	For the year ended 31st March, 2016 (Proforma Ind AS)
Cost Of Material Consumed	4,082.29	3,123.80	3,113.73
Inward Transportation	7.04	4.27	4.25
Finish Component Consumed	4.24	7.72	
Labour Charges	19.76	12.66	
	-	-	
Total Cost of materials consumed	**4,113.33**	**3,148.44**	**3,117.98**

Note 23
Change In Inventories of Finished Goods & Work-In-Progress **(Rs. In Million)**

Particulars	For the year ended 31st March, 2018 (Ind AS)	For the year ended 31st March, 2017 (Ind AS)	For the year ended 31st March, 2016 (Proforma Ind AS)
Semi finished goods opening stock*	116.48	91.02	808.93
Less : Semi finished goods closing stock	(168.19)	(117.01)	(91.02)
Total (A)	**(51.70)**	**(25.99)**	**717.91**
Finished goods opening stock*	490.91	407.24	410.84
Less : Finished goods closing stock	(693.42)	(537.23)	(407.24)
	(6.05)	(10.31)	-
	7.61	6.05	10.31
Total (B)	**(200.96)**	**(134.25)**	**13.91**
Toolings opening stock	501.88	509.23	480.65
Less : Toolings closing stock	(577.28)	(501.88)	(509.23)
Total (C)	**(75.40)**	**7.35**	**(28.58)**
Total Change In Inventories Of Finished Goods & Work-In-Progress	**(328.06)**	**(152.89)**	**703.24**

*** Opening stock of semi-finished goods and finished goods includes balances of subsidiary of Netherland acquired in 2015-16**

HARSHA ENGINEERS LIMITED

Annexure C - V : Notes to Restated Consolidated Financial Statements

Note 24
Employee benefit expenses **(Rs. In Million)**

Particulars	For the year ended 31st March, 2018 (Ind AS)	For the year ended 31st March, 2017 (Ind AS)	For the year ended 31st March, 2016 (Proforma Ind AS)
Salaries,Wages & Bonus Etc	916.84	816.00	606.87
Contri. To PF,FPF,ESI Etc	78.33	73.70	72.59
Staff Welfare	33.79	40.92	48.39
Remuneration To Directors	75.87	49.43	-
Total employee benefit expenses	**1,104.83**	**980.05**	**727.84**

Note 25
Finance costs **(Rs. In Million)**

Particulars	For the year ended 31st March, 2018 (Ind AS)	For the year ended 31st March, 2017 (Ind AS)	For the year ended 31st March, 2016 (Proforma Ind AS)
Interest Expense			
Interest Expense on Term Loans	86.27	137.67	64.43
Interest Expense on Unsecured Loans	2.01	3.29	6.03
Interest Expense on Working Capital Loan	64.95	79.23	38.19
Interest Expense on Deposits	13.87	11.82	50.23
Interest Expense on Others	0.55	1.26	0.39
	167.64	**233.27**	**159.27**
Other Borrowing Costs			
Bank Charges & Processing Fees	12.85	19.30	15.57
Exchange Rate Difference	0.01	4.25	6.65
Unwinding of discount on provision of Asset Retirement Obligation	0.15	0.13	1.01
	13.01	**23.68**	**23.24**
Total finance costs	**180.65**	**256.96**	**182.51**

Note 26
Other expenses **(Rs. In Million)**

Particulars	For the year ended 31st March, 2018 (Ind AS)	For the year ended 31st March, 2017 (Ind AS)	For the year ended 31st March, 2016 (Proforma Ind AS)
(A) Stores & Packing			
Stores Consumed	362.00	249.22	223.58
Other Freight	0.03	0.06	-
Packing Materials Consumed	172.54	174.14	129.14
Total (A)	**534.57**	**423.42**	**352.72**
(B) Power & Fuel			
Fuel Consumed	4.93	3.05	155.58
Factory power consumption	271.85	222.66	1.85
Total (B)	**276.79**	**225.72**	**157.43**
(C) Operative Expenses			
Machinery Repairs	18.97	12.53	16.19
Windmill Maintenance	18.22	17.63	2.10
Solar Repairs & Maintenance	1.36	1.42	1.29
Other Labour Charges	1.66	1.57	213.24
Contractor-Welfare & Others Exp.	11.30	12.68	-
Contractor-Labour Charges	143.05	293.80	-
Non Quality Expenses	24.95	5.47	17.49
Non Quality Expenses (Travelling)	0.27	0.39	0.93
Inward Cartage	9.11	7.60	7.26
Material Testing Charges	19.27	1.85	3.74
Water Charges	0.77	0.35	0.36
Total (C)	**248.94**	**355.28**	**262.59**

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Annexure C - V : Notes to Restated Consolidated Financial Statements

(D) Administrative & Other Expenses			
Advertisement & Sales Promotion	8.40	14.06	12.98
Audit fees	1.57	2.19	2.56
Boni	0.02	0.01	0.01
Building Repairs & Maint.	-	0.22	-
Books And Periodicals	0.07	0.06	0.10
Car Lease Rent & Fleet Management Expenses	15.32	10.19	11.94
Cash Discount	0.23	0.67	1.27
Car Fuel Expense	-	7.74	-
Celebration Expenses	1.79	1.36	2.41
Computer Expenses, Repairs & Maintenance	13.03	9.62	0.31
Conveyance	0.44	0.49	0.49
Corporate Social Responsibility(CSR)	15.53	-	0.50
Communication Expenses	0.24	-	-
Postage, Courier, Telephone & Telex	6.63	9.02	5.12
Domestic Freight	103.44	50.98	38.27
Donations	0.34	0.22	0.06
Excise Expense	(17.10)	(1.79)	2.83
Export Benefit Expenses	3.73	3.13	1.36
Electric Expense	-	0.26	-
Export Expenses	1.37	1.93	2.14
Export Freight	241.07	130.51	123.12
Factory Licence Fees	0.11	0.17	0.18
Gardening Expenses	0.30	0.33	1.33
General Expenses	71.32	42.29	42.30
Income Tax	-	(0.02)	(0.14)
Insurance Charges - Transit-Export	0.55	0.78	-
Fire & Earthquake Expense	-	0.04	-
Insurance Premium	6.57	8.53	5.13
Hose Keeping Expense	-	0.27	-
Lease Rent	76.53	73.90	20.41
Legal & Professional Exp	39.62	98.04	46.35
Membership And Subscription	0.94	1.09	0.74
Municipal Property Taxes	7.12	4.56	0.22
Warehousing Expenses	6.98	11.26	16.54
Stationery, Printing & Xerox Expenses	7.49	5.89	2.39
Product Liability Insurance	4.90	5.57	6.31
Professional Tax	0.00	0.01	1.42
Telephone Expense	-	0.06	-
Profit / Loss On Sale Of Fixed Assets	1.46	(7.65)	1.05
Quality Certification Expenses	0.39	0.45	1.55
Recruitment Expenses	1.28	0.67	1.26
Repairs & Maintenance	19.69	16.37	26.24
Round Off	(0.00)	(0.00)	(0.01)
Sales Tax	0.02	0.05	3.11
Security Expenses	9.85	16.28	17.17
Outward Cartage	0.65	0.10	-
Other Expenses (ADMIN)	0.67	-	-
Pollution Control Expense	-	0.08	-
Sundry Balances written off	0.32	-	-
Seminar Expenses	-	0.02	0.83
Staff Training	4.28	0.76	1.55
Domestic Traveling	11.67	26.10	15.68
Foreign Traveling Expenses	8.64	8.07	15.16
Vehicles - Expense	5.41	9.17	15.36
Teravelling Expenses	0.03	-	-
Xerox Expense	0.04	0.17	1.30
Wind mill Insurance	0.06	0.06	0.09
Total (D)	**683.96**	**564.33**	**448.98**
Total other expenses (A+B+C+D)	**1,744.26**	**1,568.75**	**1,221.72**

Note 27

Contingent Liabilities And Commitment **(Rs. In Million)**

Particulars	For the year ended 31st March, 2018 (Ind AS)	For the year ended 31st March, 2017 (Ind AS)	For the year ended 31st March, 2016 (Proforma Ind AS)
Contingent Liabilities And Commitment			
(i) Letter of Credit / Letter of comfort/ Stand By Letter of Credit (SBLC) & Bank Guarantee	16.80	22.30	115.10
(ii) Corporate guarantee for Harsha Abakus Solar Pvt. Ltd in favor of HDFC Bank Ltd (Outstanding)	60.15	147.20	155.60

28. Deferred tax asset/ (liabilities) [Net]

Movement in deferred tax balances

(Rs.in Millions)

Particulars	Net balance April 1, 2017	31st March, 2018					
		Recognised in profit or loss	Recognised directly in equity	Other	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset/ (liabilities)							
Solar Power Project	(27.39)	(0.27)	-	-	(27.66)	-	(27.66)
Fixed Assets	(42.52)	(2.72)	-	-	(45.24)	-	(45.24)
Bonus and Ex-gratia Payable	10.33	1.23	-	-	11.56	11.56	-
Gratuity	7.95	(0.10)	-	-	7.85	7.85	-
Leave Encashment	3.45	0.39			3.84	3.84	-
ERF-Curr.Revaluation	26.71	(52.82)			(26.10)	-	(26.10)
ARO Provision	0.63	0.06			0.68	0.68	-
ARO Assets	(0.11)	0.01			(0.10)	-	(0.10)
Derivative Assets	(9.12)	9.12			-	-	-
Derivative Liability	0.47	3.50			3.97	3.97	-
Revenue Recognition - Prior Period (Sales)	10.41	(10.41)			0.00	0.00	-
Export Benefit	1.10	(1.10)			-	-	-
Remeasurement Of Gratuity	1.01	1.20			2.21	2.21	-
FV of Investment	(0.08)	0.08			-	-	-
Expenses	0.31	0.12			0.43	0.43	-
Tax assets/ (liabilities)	**(16.85)**	**(51.71)**	**-**	**-**	**(68.55)**	**30.54**	**(99.10)**
Set off tax							
Net tax assets/ (liabilities)	**(16.85)**	**(51.71)**	**-**	**-**	**(68.55)**	**30.54**	**(99.10)**

(Rs.in Millions)

Particulars	Net balance April 1, 2016	31st March, 2017					
		Recognised in profit or loss	Recognised directly in equity	Other	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset/ (liabilities)							
Solar Power Project	(27.39)	-	-	-	(27.39)	-	(27.39)
Fixed Assets	(43.62)	0.86			(42.52)	-	(42.52)
Bonus and Ex-gratia Payable	9.90	0.43			10.33	10.33	-
Gratuity	5.79	2.16			7.95	7.95	-
Leave Encashment	7.24	(3.79)			3.45	3.45	-
ERF-Curr.Revaluation	5.62	21.10			26.71	26.71	-
ARO Provision	0.58	0.05			0.63	0.63	-
ARO Assets	(0.12)	0.01			(0.11)	-	(0.11)
Derivative Assets	(1.97)	(7.15)	-	-	(9.12)	-	(9.12)
Derivative Liability	2.30	(1.82)	-	-	0.47	0.47	-
Revenue Recognition - Prior Period (Sales)	5.33	5.08	-	-	10.41	10.41	-
Export Benefit	1.63	(0.54)	-	-	1.10	1.10	-
Remeasurement Of Gratuity	0.64	0.38	-	-	1.01	1.01	-
FV of Investment	-	(0.08)	-	-	(0.08)	-	(0.08)
Expenses	1.22	(0.12)			0.31	0.31	-
Tax assets/ (liabilities)	**(32.85)**	**16.56**	**-**	**-**	**(16.85)**	**62.37**	**(79.21)**
Set off tax							
Net tax assets/ (liabilities)	**(32.85)**	**16.56**	**-**	**-**	**(16.85)**	**62.37**	**(79.21)**

*opening balance of deferred tax asset removed due to Disposal of Subsidiary-Harsha abakus Solar

(Rs.in Millions)

Particulars	Net balance April 1, 2015	31st March, 2016					
		Recognised in profit or loss	Recognised directly in equity	Other	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset/ (liabilities)							
Solar Power Project	(27.39)	-	-	-	(27.39)	-	(27.39)
Fixed Assets	(63.95)	20.34			(43.62)	-	(43.62)
Bonus and Ex-gratia Payable	8.24	1.66			9.90	9.90	-
Gratuity	1.80	3.99			5.79	5.79	-
Leave Encashment	8.08	(0.84)			7.24	7.24	-
ERF-Curr.Revaluation	24.49	(18.87)			5.62	5.62	-
ARO Provision	-	0.58			0.58	0.58	-
ARO Assets	-	(0.12)			(0.12)	-	(0.12)
Derivative Assets	-	(1.97)	-	-	(1.97)	-	(1.97)
Derivative Liability	-	2.30	-	-	2.30	2.30	-
Revenue Recognition - Prior Period (Sales)	-	5.33	-	-	5.33	5.33	-
Export Benefit	-	1.63	-	-	1.63	1.63	-
Remeasurement Of Gratuity	0.00	0.64	-	-	0.64	0.64	-
FV of Investment	-	-	-	-	-	-	-
Expenses	0.11	1.11			1.22	1.22	-
Tax assets/ (liabilities)	**(48.63)**	**15.78**	**-**	**-**	**(32.85)**	**40.24**	**(73.09)**
Set off tax							
Net tax assets/ (liabilities)	**(48.63)**	**15.78**	**-**	**-**	**(32.85)**	**40.24**	**(73.09)**

HARSHA ENGINEERS LIMITED

Notes to Financial statements for the year ended 31st March 2018

Note 29
Related party disclosures
As per the Indian Accounting Standard-24 on "Related Party Disclosures", list of related parties identified of the Company are as follows:
A. Subsidiary/ associate

Name of Entity	Type
Harsha Engineers (India) Private Limited	Subsidiary
Aastha Tools Private Limited	Subsidiary
Harsha Precision Bearing Components (China) Co., Ltd.	Subsidiary
Harsha Engineering Components (Changshu) Co. Ltd.	Subsidiary
Harsha Engineers B.V (HEBV)	Subsidiary
Harsha Engineers Europe SRL	Step-down Subsidiary

Enterprise on which Directors and KMPs have significant influence and
Harsha Abakus Solar Private Limited (HASPL)
Daylight Solar Private limited
Firstlight Solar Private Limited
Helianthus Solar Power Private Limited
Harsha Renewable Energy Private Limited
Cleanmax Harsha Solar LLP
HACM Solar LLP
Hues Hub Online Private Limited
Ecotrail Personal Care Private Limited

B. Key Managerial Personnel:

Name of Key Managerial Personnels	
Rajendra Shah###	Chairman & Whole-time Director
Harish Rangwala ####	Managing Director
Vishal Rangwala *	Director
Pilak Shah **	Director
Munjal Rangwala	Director
Hetal Ukani#	Director
Dilip Sanghvi	Director
Jitendra Mamotra***	Director
Harshendra Punjawat ##	CFO
Kiran Mohanty****	CS

Ms. Hetal Ukani was resigned from the position of Director the Company with effect from 1st March, 2018.

Mr. Harshendra Y. Punjawat was resigned from the position of VP-Finance & CFO of the Company with effect from 28th January, 2018.

###Mr Rajendra S. Shah resigned from the position of chairman of the Company with effect from 10th August 2018 and appointed as CEO with effect from 10th August 2018

Mr Harish Rangwala resigned from the position of Chief Executive Officer (CEO) of the Company with effect from 10th August 2018

*Mr Vishal Rangwala was designated as Chief Operating Officer (COO) of the Company with effect from 25th June

**Mr Pilak Shah was appointed as Whole-time Director and Chief Financial Officer(CFO) of the Company with effect from 18th June 2018 and 25th June 2018 respectively

***Mr Jitendra Mamtora has been appointed as Chairman of the Board with effect from 10th August 2018

****Mr Kiran Mohanty was designated as Chief Compliance Officer (CCO) of the Company with effect from 25th June

C. Relative of Key Managerial Personnel:

Name of Relative of Key Managerial Personnels	
Charusheela Rangwala	Late BrijeshUkani
Tanvi Rangwala	Chinulal Shah
Mauli Rangwala	Kanubhai Shah
Tarana Rangwala	Zaverben Rangwala
Late Shri Ranjit Rangwala	Harish Rangwala (HUF)
Shantilal Shah	Rajendra Shah (HUF)
Hiraben Shah	Dinaben Sanghvi
Nirmala Shah	Lataben Sanghvi
Mili Mehta	Late Jayantilal T. Sanghvi
Krina Shah	Late Kanchanben J. Sanghvi
Vaishali Shah	Mrs. Nirali S. Shah
Raag Shah	Mrs. Monali M. Gosalia
Pranay S. Mamtora	Mr. Siddharth D. Shah
Late Shri Ujamshi Mamtora	Mr. Mithun D. Gosalia
Ms. Jaya Mamtora	Late Kirit J. Sanghvi
Janki Kiri	Late Kala S. Shah
Ashish Kiri	Mrs. Ramila A. Shah
Dilip Mamtora	Jayantilal T. Sanghvi HUF
Bipin Mamtora	Dilip J. Sanghvi HUF
Ramesh Mamtora	Sonu Punjawat
Jitendra U. Mamtora HUF (Karta)	Yashwant Rakhablal Punjawat
Brijesh Purshottam Ukani – HUF	Kamla Yashwant Punjawat
Viha	P.C Mohanty
Preya	Nayana Mohanty
Heet H.Punjawat	Lipsa Nayak
Sinny Nayak	Aayansh Mohanty
Karuna J. Mamtora	Ravi Mohanty
Satyen J. Mamtora	Rashmita Nayak
Aakanksha S. Mamtora	Pratham S. Mamtora
Jyoti Kothari	

D. Transactions during the year with related parties:

1. Key Management Personnel Transactions

(Rs.In Million)

Particulars	Remuneration			Dividend Paid			Loan Accepted		
	2017-18	2016-17	2015-16	2017-18	2016-17	2015-16	2017-18	2016-17	2015-16
Rajendra Shah	27.05	16.67	7.24	-	-	9.01	67.50	56.50	9.00
Harish Rangwala	18.85	14.14	7.24	-	-	15.01	20.43	43.55	12.00
Vishal Rangwala	19.16	8.61	6.22	-	-		10.00	2.50	19.00
Pilak Shah	4.64	4.54	6.07	-	-	6.00	15.70	-	55.65
Munjal Rangwala	-	1.20	-	-	-	-	7.70	-	6.00
Hetal Ukani#	4.77	2.22	0.73	-	-	1.50	33.19	10.79	27.95
Dilip Sanghvi	-	-	-	-	-	-	10.80	9.90	-
Jitendra Mamotra	-	-	-	-	-	-	-	-	-
Harshendra Punjawat*	3.46	3.35	3.27	-	-	-	-	-	-
Kiran Mohanty	1.08	1.02	0.68	-	-	-	-	-	-

(Rs.In Million)

Particulars	Loans Repaid			Interest Paid		
	2017-18	2016-17	2015-16	2017-18	2016-17	2015-16
Rajendra Shah	120.00	2.50	8.63	1.98	5.42	0.80
Harish Rangwala	36.75	33.50	18.37	0.89	4.06	1.29
Vishal Rangwala	21.50	10.00	17.00	0.16	1.68	1.73
Pilak Shah	22.90	1.00	104.65	7.75	7.84	6.24
Munjal Rangwala	10.20	1.00	-	0.27	0.65	-
Hetal Ukani#	57.69	6.19	28.20	1.86	3.80	3.51
Dilip Sanghvi	9.60	-	-	1.20	1.12	-
Jitendra Mamotra	-	-	-	-	-	-
Harshendra Punjawat*	-	-	-	-	-	-
Kiran Mohanty	-	-	-	-	-	-

Ms. Hetal Ukani was resigned from the position of Director the Company with effect from 1st March, 2018.

* Mr. Harshendra Y. Punjawat was resigned from the position of VP-Finance & CFO of the Company with effect from 28th January, 2018.

2. Relative of Key Management Personnel Transactions

(Rs.In Million)

Particulars	Dividend Paid			Deposits Accepted			Deposits Repaid		
	2017-18	2016-17	2015-16	2017-18	2016-17	2015-16	2017-18	2016-17	2015-16
Charusheela Rangwala	-	-	15.01	19.20	7.25	25.50	28.85	4.50	34.00
Tanvi Rangwala	-	-	-	1.00	-	1.00	2.00	-	2.15
Nirmala Shah	-	-	9.00	22.10	1.20	87.10	45.40	-	149.10
Mili Mehta	-	-	1.50	17.25	3.50	15.65	34.75	2.20	13.15
Krina Shah	-	-	1.50	26.40	4.45	23.20	52.30	2.45	20.05
Vaishali Shah	-	-	1.50	12.35	2.20	11.55	24.85	0.80	11.05
Zaverben Rangwala	-	-	-	4.74	1.20	4.40	8.20	-	5.85
Harish Rangwala (HUF)	-	-	-	6.19	2.72	5.99	12.70	2.00	5.19
Rajendra Shah (HUF)	-	-	-	6.93	1.00	3.43	3.93	0.50	3.28
Dinaben Sanghvi	-	-	-	8.80	2.30	-	7.60	-	-
Lataben Sanghvi	-	-	-	10.70	1.40	-	9.10	0.60	-

(Rs.In Million)

Particulars	Interest Paid		
	2017-18	2016-17	2015-16
Charusheela Rangwala	0.55	1.21	0.19
Tanvi Rangwala	-	0.12	0.19
Nirmala Shah	0.49	2.61	5.76
Mili Mehta	0.52	1.99	1.73
Krina Shah	0.72	2.94	2.61
Vaishali Shah	0.88	1.49	1.33
Zaverben Rangwala	0.01	0.36	0.37
Harish Rangwala (HUF)	0.02	0.73	0.66
Rajendra Shah (HUF)	0.81	0.48	0.46
Dinaben Sanghvi	1.20	1.01	-
Lataben Sanghvi	1.22	1.09	-

HARSHA ENGINEERS LIMITED

Notes to Financial statements for the year ended 31st March 2018

1. Key Management Personnel

(Rs.In Million)

Particulars	Loan			Interest Payable on Loan			Remmuneration Payable		
	As on 31/03/2018	As on 31/03/2017	As on 31/03/2016	As on 31/03/2018	As on 31/03/2017	As on 31/03/2016	As on 31/03/2018	As on 31/03/2017	As on 31/03/2016
Rajendra Shah	10.50	63.00	9.00	-	-	-	15.06	7.56	2.38
Harish Rangwala	2.73	19.05	9.00	-	-	-	9.81	5.94	2.38
Vishal Rangwala	-	11.50	19.00	-	-	-	9.86	3.52	2.33
Pilak Shah	6.70	13.90	14.90	-	-	-	2.44	1.63	2.29
Munjal Rangwala	2.50	5.00	6.00	-	-	-	-	0.78	-
Hetal Ukani#	10.49	34.99	30.39	-	-	-	2.43	0.85	0.04
Dilip Sanghvi	11.10	9.90	##	-	-	-	-	-	-
Jitendra Mamotra	-	-	-	-	-	-	-	-	-
Harshendra Punjawat*	-	-	-	-	-	-	-	0.20	0.18
Kiran Mohanty	-	-	-	-	-	-	0.07	0.05	0.06

Ms. Hetal Ukani was resigned from the position of Director the Company with effect from 1st March, 201
* Mr. Harshendra Y. Punjawat was resigned from the position of VP-Finance & CFO of the Company with effect from 28th January, 2018.
##Mr. Dilip Sanghvi was not the director as on 01/04/2016. He was appointed as director wef26/04/2016

2. Relative of Key Management Personnel Transactions

(Rs.In Million)

Particulars	Deposit			Interest Payable on Deposit			Other Payable		
	As on 31/03/2018	As on 31/03/2017	As on 31/03/2016	As on 31/03/2018	As on 31/03/2017	As on 31/03/2016	As on 31/03/2018	As on 31/03/2017	As on 31/03/2016
Charusheela Rangwala	2.10	11.75	9.00	-	-	-	-	-	-
Tanvi Rangwala	-	1.00	1.00	-	-	-	-	-	-
Nirmala Shah	-	23.30	22.10	-	-	-	-	-	-
Mili Mehta	0.25	17.75	16.45	-	-	-	-	-	-
Krina Shah	0.40	26.30	24.30	-	-	-	-	-	-
Zaverben Rangwala	0.14	3.60	2.40	-	-	-	-	-	-
Harish Rangwala (HUF)	0.20	6.71	5.99	-	-	-	-	-	-
Rajendra Shah (HUF)	7.43	4.43	3.93	-	-	-	-	-	-
Dinaben Sanghvi	11.1	9.9	###	-	-	-	-	-	-
Lataben Sanghvi	11.5	9.9	###	-	-	-	-	-	-

Dinaben Sanghvi and Lataben Sanghvi were not the relative of KMP as on 01/04/2016

Note 30Fair Value Measurement

A. Financial instruments by category and their fair value **(Rs. In Million)**

As at 31st March 2018	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Financial assets								
Investments								
Quoted	-		-	-	-	-	-	-
Unquoted	-		-	-	-	-	-	-
Loans								-
Non-current			67.12	67.12				
Current	-	-	341.65	341.65	-	-	-	-
Trade Receivables	-	-	1,638.42	1,638.42	-	-	-	-
Cash and Cash Equivalents	-	-	205.29	205.29	-	-	-	-
Other Bank Balances	-	-	-	-	-	-	-	-
Other financial assets								-
Non-current	79.33	-		79.33	-	-	-	-
Total financial assets	**79.33**	**-**	**2,252.48**	**2,331.81**	**-**	**-**	**-**	**-**
Financial liabilities								
Borrowings								
Non-current			1,125.43	1,125.43	-	-	-	-
Current			1,088.60	1,088.60				
Other financial liabilities								
current			11.36	11.36	-	-	-	-
Trade Payables			1,165.42	1,165.42	-	-	-	-
Total financial liabilities	**-**	**-**	**3,390.80**	**3,390.80**	**-**	**-**	**-**	**-**

Fair value of financial assets and liabilities measured at amortised cost is not materially different from the amortised cost. Further, impact of time value of money is not significant for the financial instruments classified as current. Accordingly, the fair value has not been disclosed separately.

HARSHA ENGINEERS LIMITED

Notes to Financial statements for the year ended 31st March 2018

Note 30Fair Value Measurement

(Rs. In Million)

As at 31st March 2017	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Financial assets								
Investments								
Quoted		130.24		130.24	130.24	-	-	130.24
Unquoted				-	-	-	-	-
Loans								
Non-Current			9.40	9.40	-	-	-	-
Current			240.35	240.35	-	-	-	-
Trade Receivables			1,113.51	1,113.51	-	-	-	-
Cash and Cash Equivalents			376.99	376.99	-	-	-	-
Other Bank Balances			-	-	-	-	-	-
Other financial assets					-	-	-	-
Current	81.73			81.73	-	-	-	-
Total financial assets	**81.73**	**130.24**	**1,740.25**	**1,952.22**	**130.24**	**-**	**-**	**130.24**
Financial liabilities								
Borrowings								
Non-current			1,392.36	1,392.36	-	-	-	-
Current			1,203.62	1,203.62	-	-	-	-
Trade Payables			768.77	768.77	-	-	-	-
Other financial liabilities								
Current			1.37	1.37				
Total financial liabilities	**-**	**-**	**3,366.12**	**3,366.12**	**-**	**-**	**-**	**-**

Fair value of financial assets and liabilities measured at amortised cost is not materially different from the amortised cost. Further, impact of time value of money is not significant for the financial instruments classified as current. Accordingly, the fair value has not been disclosed separately.

Note 30Fair Value Measurement

(Rs. In Million)

As at 1st April 2016	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Financial assets								
Investments								
Quoted	-	-	-	-	-	-	-	-
Unquoted	-	-	18.00	18.00	-	-	18.00	18.00
Loans								
Non-current	-	-	11.55	11.55	-	-	-	-
Current	-	-	315.13	315.13	-	-	-	-
Trade Receivables	-	-	2,302.30	2,302.30	-	-	-	-
Cash and Cash Equivalents	-	-	464.17	464.17	-	-	-	-
Other Bank Balances	-	-	4.93	4.93	-	-	-	-
Other financial assets					-	-	-	-
Non-current	-	-	-	-	-		-	-
Current	65.95	-		65.95	-	-	-	-
Total financial assets	**65.95**	**-**	**3,116.09**	**3,182.04**	**-**	**-**	**18.00**	**18.00**
Financial liabilities								
Borrowings								
Non-current			1,775.54	1,775.54	-	-	-	-
Current			1,576.56	1,576.56	-	-	-	-
Trade Payables			1,378.63	1,378.63	-	-	-	-
Other financial liabilities								
Current			6.63	6.63	-	-	-	-
Total financial liabilities	**-**	**-**	**4,737.36**	**4,737.36**	**-**	**-**	**-**	**-**

Investments in subsidiaries and equity accounted investees are carried at amortised cost.

Fair value of financial assets and liabilities measured at amortised cost is not materially different from the amortised cost. Further, impact of time value of money is not significant for the financial instruments classified as current. Accordingly, the fair value has not been disclosed separately.

Types of inputs are as under:

Input Level I (Directly Observable) which includes quoted prices in active markets for identical assets such as quoted price for an equity security on Security Exchanges

Input Level II (Indirectly Observable) which includes prices in active markets for similar assets such as quoted price for similar assets in active markets, valuation multiple derived from prices in observed transactions involving similar businesses etc.

Input Level III (Unobservable) which includes management's own assumptions for arriving at a fair value such as projected cash flows used to value a business etc.

Note 30Fair Value Measurement

B. Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Cross Currency Interest Rate Swaps	This instrument is valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations. The model incorporate various inputs including credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads, interest rate curve.

Transfers between Levels 1 and 2

There have been no transfers between Level 1 and Level 2 during the reporting periods

Level 3 fair values

Movements in the values of unquoted equity instruments for the period ended 31st March, 2018; 31st March, 2017 and 31st March, 2016 is as below:

(Rs. In Million)

Particulars	Amount
As at 1 April 2016	**17.75**
Acquisitions/ (disposals)	112.25
Gains/ (losses) recognised in other comprehensive income	0.24
As at 31 March 2017	**130.24**
Acquisitions/ (disposals)	**-**
Gains/ (losses) recognised in other comprehensive income	-
As at 31 March 2018	**130.24**

Transfer out of Level 3

There were no transfers out of level 3 during the year 2017-18 and 2016-17.

C. Financial risk management

The Company's principal financial liabilities comprises of loans & borrowings and trade & other payables. The main purpose of these financial liabilities is to finance the Company operations and to provide guarantees to support its operations. The Company's principal financial assets include trade & other receivables, cash & cash equivalents and investments that are derived directly from its operations.The Company has exposure to the following risks arising from financial instruments:

i. Credit risk
ii. Liquidity risk
iii. Market risk

Note 30Fair Value Measurement

(i) Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the company. The potential activities where credit risks may arise include from cash and cash equivalents, derivative financial instruments and security deposits or other deposits and principally from credit exposures to customers relating to outstanding receivables. The maximum credit exposure associated with financial assets is equal to the carrying amount. Details of the credit risk specific to the company along with relevant mitigation procedures adopted have been enumerated below:

Trade receivables

The Company's exposure to credit Risk is the exposure that Company has on account of services rendered to a contractual counterparty or counterparties, whether with collateral or otherwise for which the contracted consideration is yet to be received. The Company's customer base are Industrial and Commercial.

Services are generally subject to security deposit and/or bank guarantee clauses to ensure that in the event of non-payment the company's receivables are secured. The Company provides for allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix.

Age of Receivables: **(Rs. In Million)**

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Not Due	956.88	1,038.57	907.90
0-3 Months	801.96	125.11	744.75
3-6 Months	36.08	27.15	366.03
6-12 Months	35.33	14.92	315.79
1-3 Years	21.27	14.39	18.95
>3 Years	-	-	-

The receivables which are past due but not impaired are assessed on case-to-case basis. The instances pertain to third party customers which have a proven creditworthiness record. Management is of the view that these financial assets are not impaired as there has not been any adverse change in credit quality and are envisaged as recoverable based on the historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings, if they are available. Consequently, no additional provision has been created on account of expected credit loss on the receivables. There are no other classes of financial assets that are past due but not impaired. The provision for impairment of trade receivables, movement of which has been provided below, is not significant / material. The concentration of credit risk is limited due to fact that the customer base is large and unrelated.

Other financial assets

Other financial assets comprise of cash and cash equivalents, loans provided to employees and investments in equity shares of companies other than subsidiaries, associates and joint ventures.

- Cash and cash equivalents and Bank deposits are placed with banks having good reputation and past track record with adequate credit rating. The Company reviews their credit-worthiness at regular intervals.

- Investments are made in credit worthy companies.

-Derivative instrument comprises cross currency interest rate swaps where the counter parties are banks with good reputation, and past track record with adequate credit rating. Accordingly no default risk is perceived.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are proposed to be settled by delivering cash or other financial asset. The Company's financial planning has ensured, as far as possible, that there is sufficient liquidity to meet the liabilities whenever due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Note 30Fair Value Measurement

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross / undiscounted values and include estimated interest payments and exclude the impact of netting agreements.

(Rs. In Million)

31st March, 2018	Contractual cash flows based on maturity			
	Carrying amount	Total	Less than 12 months	More than 12 months
Non-derivative financial liabilities				
Non current borrowings	1,125.43	1,125.43	-	1,125.43
Current borrowings	1,088.60	1,088.60	1,088.60	-
Non current financial liabilities	-	-	-	-
Current financial liabilities	11.36	11.36	11.36	-
Trade and other payables	1,165.42	1,165.42	1,165.42	-
Total	3,390.80	3,390.80	2,265.38	1,125.43

(Rs. In Million)

31st March, 2017	Contractual cash flows based on maturity			
	Carrying amount	Total	Less than 12 months	More than 12 months
Non-derivative financial liabilities				
Non current borrowings	1,392.36	1,392.36	-	1,392.36
Current borrowings	1,203.62	1,203.62	1,203.62	-
Non current financial liabilities	-	-	-	-
Current financial liabilities	1.37	1.37	1.37	-
Trade and other payables	768.77	768.77	768.77	-
Total	**3,366.12**	**3,366.12**	**1,973.76**	**1,392.36**

(Rs. In Million)

31st March, 2016 (Proforma Ind AS)	Contractual cash flows based on maturity			
	Carrying amount	Total	Less than 12 months	More than 12 months
Non-derivative financial liabilities				
Non current borrowings	1,775.54	1,775.54		1,775.54
Current borrowings	1,576.56	1,576.56	1,576.56	-
Non current financial liabilities	-	-		-
Current financial liabilities	6.63	6.63	6.63	-
Trade and other payables	1,378.63	1,378.63	1,378.63	-
Total	**4,737.36**	**4,737.36**	**2,961.82**	**1,775.54**

Note 30Fair Value Measurement

(iii) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments.

Currency risk

The functional currency of the company is Indian Rupees and its revenue is generated from operations in India. It is exposed to foreign currency risk arising on the LIBOR linked floating rate external commercial borrowing (ECB) denominated in Japanese Yen. The ECB has been fully hedged using a pay fixed – receive floating cross currency interest rate swap with all critical terms mirroring the underlying ECB. Accordingly, the foreign currency exposure and interest rate exposure has been completely hedged.
This aside, the Company does not have any derivative instruments used for trading or speculative purposes.

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.
The Company's portfolio of borrowings comprise of a mix of fixed rate and floating rate loans which are monitored continuously in the light of market conditions. Further as disclosed above, The interest rate exposure on floating rate ECB has been fully hedged through a pay fixed – receive floating cross currency interest rate swap.

D. Capital management

The Company defines capital as total equity including issued equity capital, share premium and all other equity reserves attributable to equity holders of the Company (which is the Company's net asset value). The primary objective of the Company's financial framework is to support the pursuit of value growth for shareholders, while ensuring a secure financial base.
The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Company's adjusted net debt to equity ratio was as follows. **(Rs. In Million)**

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 1st April, 2016 (Proforma Ind AS)
Total non-current liabilities	1,251.23	1,459.81	1,865.87
Less : Cash and bank balances	205.29	376.99	469.10
Adjusted net debt	**1,045.94**	**1,082.82**	**1,396.76**
Total equity	**2,522.99**	**1,931.52**	**2,000.99**
Adjusted net debt to adjusted equity ratio	0.41:1 times	0.56:1 times	0.7:1 times

Note 31

First Time Adoption of Ind AS

These are the Company's first consolidated financial statements prepared in accordance with Ind ASs.

The accounting policies set out in **Note 1** have been applied in preparing the consolidated financial statements for the year ended 31st March 2018, the comparative information presented in these consolidated financial statements for the year ended 31 March 2017 and in the preparation of an opening consolidated Ind AS balance sheet at 01st April 2016 (the Company's date of transition).

In preparing its opening consolidated Ind AS balance sheet, the Company has adjusted amounts reported previously in consolidated financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (Indian GAAP or previous GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables and notes:

Exemption and exception applied

In preparing these financial statements, the Company has applied the below optional exemptions and mandatory exceptions in line with principles of Ind AS 101.

Optional exemptions

I. Property, Plant and Equipment (PPE)

Ind AS 101 provides the below options with respect to the items of PPE:
- Carry forward the previous GAAP carrying values as at the transition date as "deemed cost" under Ind AS, provided there is no change in functional currency.
- Fair value the items of PPE as at the transition date and use this as the "deemed cost" under Ind AS.
- Restate the carrying values of PPE retrospectively as at the transition date based on Ind AS 16.

The above options are available for intangible assets and investment property as well except fair value option not permitted for investment property.
The Company has opted to measure all the items of PPE at the previous GAAP carrying values as at the transition date.

II. Decommissioning liabilities included in the cost of PPE

A first-time adopter need not comply with these requirements for changes in such liabilities that occurred before the date of transition to Ind ASs. If a first-time adopter uses this exemption, it shall:
- Measure the liability at the transition date in accordance with Ind AS 37;
- Using the historical risk adjusted discount rate, determine the amount which would have been capitalized when the liability first arose; and
- Compute the amount of depreciation based on the estimated useful life.

However, the decommissioning liabilities for Windmill assets is measured as at the transition date and the same is accounted through the retained earnings.
Accordingly, the Company has elected to apply the exemption for the obligations arising on account of decommissioning cost.

III. Cumulative Translation Differences on foreign operations:

As per Ind AS 101, an entity may deem that the cumulative translation differences for all foreign operation to be zero as at the date of transition by transferring any such cumulative difference to retained The Group has elected to avail of this exemption.

Mandatory exceptions

Below are the key mandatory exceptions used in preparation of these financial statements:

A. Estimates

As per Ind AS 101 , an entity's estimates in accordance with Ind AS at the date of transition to Ind AS presented in the entity's first Ind AS financial statements as the case may be, should be consistent with estimates made for the same date in accordance with the IGAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under IGAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Group's estimates under Ind AS are consistent with the above requirements. Key estimates considered in preparation of the financial statements that were not required under the previous IGAAP are listed below.

i. Fair valuation of financial instruments carried at FVTPL and/or FVOCI.

ii. Impairment of financial assets based on the expected credit loss model.

iii. Determination of the discounted value for financial instruments carried at amortized cost.

B. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of facts and circumstances that exists at the date of transition to Ind AS

C. Derecognition of financial assets and liabilities

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 101, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS.

However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognized as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has elected to apply the derecognition principles of Ind AS 109 prospectively.

D. Non Controlling Interest

Ind AS 110 requires that total comprehensive income should be attributed to the owners of the parent and the NCI even if this results in the NCI having a negative balance. Ind AS 101 requires this requirement to be applied prospectively from the date of transition to Ind AS. However, if an entity elects to apply Ind AS 103 retrospectively to past business conditions, it has to also apply Ind AS 110 from the same date.

The Group has elected to apply Ind AS 103 prospectively to business combinations.

E. Reconciliation of equity as at 31 March, 2016 (Proforma Ind AS) (Rs. In Millions)

Particulars	Footnote ref.	Amount as per IGAAP*	Effects of transition to Ind AS	Restated Adjustments	Amount as per Ind AS
ASSETS					
Non-current assets					
Property, plant and equipment	31.2	2,150.00	0.34	-	2,150.34
Intangible assets		24.68	-	-	24.68
Capital Work-in-progress		132.67	-	-	132.67
Goodwill on Consolidation		557.28	-	-	557.28
Investment in subsidiary, associate and joint venture		-	-	-	-
Financial assets		-	-	-	
Investments		0.25	-	-	0.25
Loans		11.55	-	-	11.55
Total non-current assets		**2,876.45**	**0.34**	**-**	**2,876.78**
Current assets					
Inventories	31.4	1,281.97	-	(34.34)	1,247.63
Financial assets				-	
Investments		17.75	-	-	17.75
Trade receivables	31.4	2,382.20	-	(79.89)	2,302.30
Cash and cash equivalents		464.17	-	-	464.17
Other bank balances		4.93	-	-	4.93
Loans	31.4	374.78	(52.61)	(7.04)	315.13
Others	31.3		61.82	4.13	65.95
Total current assets		**4,525.79**	**9.21**	**(117.14)**	**4,417.87**
TOTAL ASSETS		**7,402.24**	**9.55**	**(117.14)**	**7,294.65**
EQUITY AND LIABILITIES					
Equity					
Equity share capital		120.41	-	-	120.41
Other equity		1,851.74	29.64	(120.40)	1,760.99
Non-Controlling Interest		119.59	-	-	119.59
Total Equity		**2,091.75**	**29.64**	**(120.40)**	**2,000.99**
Liabilities					
Non-current liabilities					
Financial liabilities					
Borrowings	31.3	1,779.00	(3.46)	-	1,775.54
Provisions	31.2	44.74	0.55	-	45.29
Deferred tax liabilities (Net)	31.6	51.36	(18.51)	-	32.85
Other non-current liabilities		12.19	-	-	12.19
Total non-current liabilities		**1,887.29**	**(21.42)**	**-**	**1,865.87**
Current Liabilities					
Financial liabilities					
Borrowings	31.3	1,579.73	(3.17)	-	1,576.56
Trade payables		1,378.63	-	-	1,378.63
Other financial liabilities	31.3		6.63	-	6.63

Provisions		37.00		-	37.00
Net employee benefit Liabilities	31.5		1.13	-	1.13
Other current liabilities		427.84		-	427.84
Total current liabilities		**3,423.20**	**4.59**	**-**	**3,427.79**
Total Liabilities		**5,310.49**	**(16.83)**	**-**	**5,293.66**
TOTAL EQUITY AND LIABILITIES		**7,402.24**	**12.81**	**(120.40)**	**7,294.65**

*The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

D. Reconciliation of equity as at 31 March, 2017 (Rs. In Millions)

Particulars	Footnote ref.	Amount as per IGAAP*	Effects of transition to Ind AS	Restated Adjustments	Amount as per Ind AS
ASSETS					
Non-current assets					
Property, plant and equipment	31.2	1,913.90	0.31	-	1,914.21
Intangible assets		14.56	-	-	14.56
Capital Work-in-progress		15.38	-	-	15.38
Goodwill on Consolidation		558.99	-	-	558.99
Investment in subsidiary, associate and joint venture		-	-	-	-
Financial assets			-	-	
Investments		-	-	-	-
Loans		9.40	-	-	9.40
Others		-	-	-	-
Total non-current assets		**2,512.23**	**0.31**	**-**	**2,512.53**
Current assets					
Inventories	31.4	1,323.27	85.49	-	1,408.76
Financial assets		-	-	-	
Investments	31.1	130.00	0.24	-	130.24
Trade receivables	31.4	1,157.35	(43.84)	-	1,113.51
Cash and cash equivalents		376.99	-	-	376.99
Other bank balances		-	-	-	-
Loans	31.4	284.70	(44.35)	-	240.35
Other	31.3	4.13	77.60	-	81.73
Other current assets		-		-	-
Total current assets		**3,276.44**	**75.14**	**-**	**3,351.58**
TOTAL ASSETS		**5,788.67**	**75.45**	**-**	**5,864.11**
EQUITY AND LIABILITIES					
Equity					
Equity share capital		120.41	-	-	120.41
Other equity		1,713.22	86.50	-	1,799.72
Non-Controlling Interest		11.39	-	-	11.39
Total Equity		**1,845.02**	**86.50**	**-**	**1,931.52**
Liabilities					
Non-current liabilities					
Financial liabilities					
Borrowings	31.3	1,393.47	(1.11)	-	1,392.36
Other financial liabilities		-	-	-	-
Provisions	31.2	36.07	1.20	-	37.27
Deferred tax liabilities (Net)	31.6	26.44	(9.60)	-	16.85
Other non-current liabilities		13.33	-	-	13.33
Total non-current liabilities		**1,469.32**	**(9.50)**	**-**	**1,459.81**
Current Liabilities					
Financial liabilities					
Borrowings	31.3	1,203.88	(0.26)	-	1,203.62
Trade payables		768.77	-	-	768.77
Other Financial Liabilities	31.3	-	1.37	-	1.37
Other current liabilities		491.17	-	-	491.17
Net employee benefit Liabilities	31.5	-	0.61	-	0.61
Provisions		7.24	-	-	7.24
Total current liabilities		**2,471.06**	**1.72**	**-**	**2,472.78**
Total Liabilities		**3,940.38**	**(7.78)**	**-**	**3,932.60**
TOTAL EQUITY AND LIABILITIES		**5,785.40**	**78.72**	**-**	**5,864.11**

*The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

HARSHA ENGINEERS LIMITED

Notes to Restated Consolidated Financial statements for the year ended 31st March 2018

E. Reconciliation of total comprehensive income for the year ended 31 March 2017 (Rs. In Millions)

Particulars	Footnote ref.	Amount as per IGAAP*	Effects of transition to Ind AS	Restated Adjustments	Amount as per Ind AS
INCOME					
Revenue from operations	31.4	6,240.95	(76.01)	-	6,164.94
Other income	30.3	134.12	53.16	-	187.28
TOTAL INCOME (A)		**6,375.07**	**(22.85)**	**-**	**6,352.22**
EXPENSES					
Cost of materials consumed		3,148.44	-	-	3,148.44
Change In Inventories Of Finished Goods & Work-In-Progress	31.4	(51.38)	1.22	(102.73)	(152.89)
Employee benefits expenses	31.5	981.15	(1.10)	-	980.05
Finance costs	31.2	256.82	0.13	-	256.96
Depreciation and amortization expenses	31.2	346.66	0.03	-	346.69
Other expenses		1,571.80	(3.05)	-	1,568.75
TOTAL EXPENSES (B)		**6,253.50**	**(2.77)**	**(102.73)**	**6,148.00**
Profit/ (loss) before tax		**121.57**	**(20.08)**	**102.73**	**204.22**
Tax expense					
Current Tax		153.03	-	-	153.03
Deferred Tax	31.6	(25.47)	9.21	-	(16.26)
MAT credit entitlement					-
Profit/ (loss) after tax for the period (C)		**(5.99)**	**(29.29)**	**102.73**	**67.45**
Less:Profit transferred to Minority Interest		1.80	-	-	1.80
Less:Impairment of Investments in HASPL		17.24	-	-	17.24
Add:Reversal of loss on Disposal of investments in HASPL		61.71	-	-	61.71
Profit/ (loss) after tax for the period (D)(After Adjustments)		**36.69**	**(29.29)**	**102.73**	**110.13**
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Changes in fair value of FVTOCI equity instruments	31.1	-	0.24	-	0.24
Remeasurement of post-employment benefit obligations	31.5	-	(1.10)	-	(1.10)
Income tax relating to these items	31.6	-	0.30	-	0.30
Other comprehensive income for the period, net of tax (E)		**-**	**(0.57)**	**-**	**(0.57)**
Total Comprehensive Income for the Period (D+E)		**36.69**	**(29.85)**	**102.73**	**109.56**

*The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

E. Reconciliation of total comprehensive income for the year ended 31 March 2016 (Proforma Ind AS) (Rs. In Millions)

Particulars	Footnote ref.	Amount as per IGAAP*	Effects of transition to Ind AS	Restated Adjustments	Amount as per Ind AS
INCOME					
Revenue from operations	31.4	6,328.47	(23.16)	42.39	6,347.70
Other income	30.3	209.31	35.64	4.66	249.61
TOTAL INCOME (A)		**6,537.78**	**12.48**	**47.05**	**6,597.31**
EXPENSES					
Cost of materials consumed		3,117.98	-	-	3,117.98
Change In Inventories Of Finished Goods & Work-In-Progress		690.30	-	12.94	703.24
Employee benefits expenses	31.5	729.72	(1.88)	-	727.84
Finance costs	31.2	181.50	1.01	-	182.51
Depreciation and amortization expenses	31.2	279.14	0.33	-	279.47
Other expenses		1,218.65	-	3.07	1,221.72
TOTAL EXPENSES (B)		**6,217.29**	**(0.53)**	**16.01**	**6,232.76**
Profit/ (loss) before tax		**320.49**	**13.01**	**31.05**	**364.55**
Tax expense					
Current Tax		130.62	-	-	130.62
Deferred Tax		2.62	(17.76)	-	(15.14)
MAT credit entitlement					-
Profit/ (loss) after tax for the period (C)		**187.25**	**30.77**	**31.05**	**249.08**
Less:Profit transferred to Minority Interest		14.63	-	-	14.63
Add:Reversal of loss on Disposal of investments in HASPL			-	-	-
Profit/ (loss) after tax for the period (D)(After Adjustments)		**172.62**	**30.77**	**31.05**	**234.45**

Other comprehensive income					
Items that will not be reclassified to profit or loss					
Changes in fair value of FVTOCI equity instruments			-	-	-
Remeasurement of post-employment benefit obligations	31.5		(1.88)	-	(1.88)
Income tax relating to these items	31.6		0.64	-	0.64
Other comprehensive income for the period, net of tax (E)		**-**	**(1.24)**	**-**	**(1.24)**
Total Comprehensive Income for the Period (D+E)		**172.62**	**29.53**	**31.05**	**233.21**

*The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

F. Statement of Reconciliation of Equity (Shareholders' Funds) as at 31st March, 2017 and 31st March, 2016:

The impact of the above Ind AS adjustment on total equity is as below: (Rs. In Millions)

Particulars	Footnote ref.	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Total equity as per previous GAAP (A)		**1,845.02**	**1,971.35**
Ind AS adjustments:			
Unwinding of discount on provision of Asset Retirement Obligation		(1.15)	(1.01)
Accumulated depreciation on decommissioning liability (Windmills)	29.2	(0.36)	(0.33)
Unwinding of discount (Windmills)	29.2		
MTM on derivatives	29.3	34.67	12.48
Changes in revenue recognition (Prior Period Adjustment)	29.4	50.75	-
Changes in revenue recognition of export benefit receivable(Prior Period Adjustment)	29.4	(1.20)	-
Interest On Inventory (Prior Period Adjustment)		(6.05)	-
Deferred Tax on transition to Ind AS		8.70	17.87
Deferred Tax On OCI		1.14	0.64
Impact of total adjustments on account of Ind AS (B)		**86.49**	**29.64**
Total equity as per Ind AS (C) = (A) + (B)		**1,931.52**	**2,000.99**

G. Statement of Reconciliation of Total Comprehensive Income

The impact of the above Ind AS adjustment on total Comprahensive Income is as below: **(Rs. In Millions)**

Particular	Foot Note No.	As At 31st March 2017 (Ind AS)	As At 31st March 2016 (Proforma Ind AS)
Profit as Per Previous GAAP		**52.71**	**203.27**
Finance Cost On Windmill ARO		0.13	1.01
Depreciation on Windmill ARO		0.03	0.33
Remeasurement Of Defined Benefit Plan		(1.10)	(1.88)
Effect Of Revenue Recognition		47.63	-
Gain/(Loss) on Export Hedging		22.19	12.48
Freight Expense Reversed Due to Revenue Recognition		4.13	
Net Profit For the year as per IND AS		119.34	216.28
Other Comprehensive Income		(0.57)	(1.24)
Total Comprehensive Income As Per IND AS		**118.77**	**215.04**
Deffered Tax Liability		9.21	(18.17)
Restated Total Comprehensive Income As Per IND AS		**109.56**	**233.21**

31.1 Fair value as investments in Mutual Funds

Under previous GAAP, investment in Mutual Funds were classified in to current Investments.Current Investment were carried at lower of cost or fair value.Under Ind AS these Investments are required to be measured at Fair Value either Through OCI (FVTOCI) or through Profit & Loss (FVTPL) .The Company has opted to Fair Value these Investments Through Profit & Loss (FVTPL). Accordingly, resulting fair value change of these Investments have been recognised in retained earnings as at the date of transition and subsequently in the Profit & Loss account for the year ended 31st March, 2017.

31.2 Decommissioning liability

Under the previous GAAP, estimated obligation of wind mills were not accounted. On transition to Ind AS, the company has estimated the present value of the decommissioning cost on these assets. Based on provisions of Ind AS 101 as discussed earlier in this note, the decommissioning cost pertaining to the wind mill assets and depreciation thereto has been accounted through the retained earnings. Consequently, the equity as on transition date as well as 31 March 2017 reduced by Rs. 15,06,794. Further, the comprehensive income for 2016-17 has reduced by Rs. 1,34,333. Impact of deferred tax has been provided in note no 18 Depreciation and amortisation on the Windmill to the extent of decommissiong liability amounting to Rs. 28,806 has also been provided.

31.3 Hedge Accounting
Under the previous GAAP, Company had used principle of AS-11. Now under Ind AS-109, all Derivatives are recognised at fair value and are re-measured at subsequent reporting dates. Hence, there is change in accounting treatment of Derivatives which had earlier been recognised under AS-11.

31.4 Prior Period Errors
Based on requirements of Ind AS 8, the Company has accounted for the prior period errors retrospectively by restating the comparative amounts to which the same relates. Since certain periods were prior to the transition date, the impact has been considered in preparation of the opening balance sheet. Consequently, this has decreased the equity on the transition date by Rs. 252.04 Lakh and reduced the equity as on 31st March, 2017 by Rs. 332.49 Lakh.

31.5 Remeasurement of post Employment Benefit Obligations
Under the previous GAAP, cost relating to Post Employment Benefit Obligations including actuarial gain / losses were recognised in Profit & Loss. Under Ind AS, actuarial gain / losses on the net Defined Benefit Liability are recognised in Other Comprehensive Income instead of Profit & Loss.

31.6 Deferred Tax
Under previous GAAP, Deferred Taxes were recognised based on Profit & Loss approach i.e.tax impact on difference between the accounting income and taxable income. Under Ind AS, Deferred Tax is recognised by following Balance Sheet approach i.e. tax impact on temporary difference between the carrying value of assets and liabilities in the books and their respective tax base.

H. Statement of Reconciliation of Equity (Shareholders' Funds) as at 1st April, 2016:

The Proforma financial information of the Group as at and for the year ended March 31, 2016, is prepared in accordance with requirements of SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/4 dated March 31, 2016 ("SEBI Circular"). As envisaged by the SEBI Circular, the Group has followed the same accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) as initially adopted on its Ind AS transition date (i.e. April 1, 2016) while preparing the proforma financial information for the FY 2015-16 and accordingly suitable restatement adjustments in the accounting heads have been made in the consolidated proforma financial information.

This consolidated proforma Ind AS financial information have been prepared by making Ind AS adjustments to the audited Indian GAAP financial statements as at and for the year ended March 31, 2016 as described in this Note. The impact of Ind AS 101 on the equity under Indian GAAP as at March 31, 2016 and the impact on the profit for the year ended March 31, 2016 due to the Ind- AS principles applied on proforma basis during the year ended March 31, 2016 can be explained as under:

The impact of the above Ind AS adjustment on total equity is as below: (Rs. In Millions)

Particulars	Footnote ref.	As at 31st March, 2016 (Proforma Ind AS)
Total equity as per previous GAAP (A)		**1,971.35**
Ind AS adjustments:		
Unwinding of discount on provision of Asset Retirement Obligation	30.1	(1.01)
Accumulated depreciation on decommissioning liability (Windmills)	30.1	(0.33)
Unwinding of discount (Windmills)		
MTM on derivatives	30.3	12.48
Changes in revenue recognition (Prior Period Adjustment)		-
Changes in revenue recognition of export benefit receivable(Prior Period Adjustment)		-
Interest On Inventory (Prior Period Adjustment)	30.4	-
Deferred Tax on transition to Ind AS	30.6	17.87
Deferred Tax On OCI		0.64
Impact of total adjustments on account of Ind AS (B)		**29.64**
Total equity as per Ind AS (C) = (A) + (B)		**2,000.99**

For Pankaj R. Shah & Associates
Chartered Accountants
FRN No.: 107361W

Sd/-

CA Nilesh Shah
Designated Partner
M. No. : 107414

Date : 10-08-2018
Place : Ahmedabad

For and on behalf of the Board of Directors
(CIN : U29259GJ1986PLC008520)

Sd/-

Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-

Harish Rangwala
Managing Director
DIN: 00278062

Sd/-

Pilak Shah
Whole-time director and CFO

Sd/-

Kiran Mohanty
Chief Compliance Officer & CS

Date : 10-08-2018
Place : Ahmedabad

HARSHA ENGINEERS LIMITED

Notes to Restated Consolidated Financial statements for the year ended 31st March 2018

Additional information as required by the General Instructions for preparation of consolidated financial statements to Schedule III of the

Parent: HARSHA ENGINEERS LIMITED

Subsidiaries: AASTHA TOOLS PRIVATE LIMITED
HARSHA ABAKUS SOLAR PRIVATE LIMITED (upto 30-03-2017)
HARSHA ENGINEERS (INDIA) PVT. LTD
HARSHA ENGINEERS B.V
HARSHA PRECISION BEARING COMPONENTS (CHINA) CO. LTD.
HARSHA ENGINEERING COMPONENTS (CHANGSHU) CO. LTD.

As At and for the Period Ended 31st March 2018

(Rs. In Million)

Name of the Company	Net Assets		Share in Profit & Loss		Share In OCI		Share In Total OCI	
	%	Amount	%	Amount	%	Amount	%	Amount
Parent:								
HEL	84.53%	3,104.32	106.21%	610.62	101.93%	-2.43	106.22%	608.19
Subsidiaries								
Indian								
ATPL	1.65%	60.61	2.60%	14.93	-1.93%	0.05	2.62%	14.97
HASPL	0.00%	-	0.00%	-	0.00%	-	0.00%	-
HE(I)PL	0.00%	-0.15	0.00%	-	0.00%	-	0.00%	-
Foreign								
HEBV	-0.35%	-12.92	-6.06%	-34.83	0.00%	-	-6.08%	-34.83
HPBC(C)CL	10.70%	392.76	-5.13%	-29.49	0.00%	-	-5.15%	-29.49
HEC(C)CL	3.48%	127.64	2.39%	13.72	0.00%	-	2.40%	13.72
Total	100.00%	3,672	100.00%	575	100.00%	-2	100.00%	573

As At and for the Period Ended 31st March 2017

(Rs. In Million)

Name of the Company	Net Assets		Share in Profit & Loss		Share In OCI		Share In Total OCI	
	%	Amount	%	Amount	%	Amount	%	Amount
Parent:								
HEL	81.10%	2,496.13	946.15%	241.37	87.74%	-0.50	965.70%	240.87
Subsidiaries								
Indian								
ATPL	1.48%	45.63	28.86%	7.36	12.26%	-0.07	29.23%	7.29
HASPL	0.00%	-	0.00%	-	0.00%	-	0.00%	-
HE(I)PL	0.00%	-0.15	0.00%	-	0.00%	-	0.00%	-
Foreign								
HEBV	1.08%	33.30	-548.72%	-139.98	0.00%	-	-561.22%	-139.98
HPBC(C)CL	12.65%	389.24	-269.08%	-68.64	0.00%	-	-275.21%	-68.64
HEC(C)CL	3.69%	113.65	-57.20%	-14.59	0.00%	-	-58.51%	-14.59
Total	100.00%	3,078	100.00%	26	100.00%	-1	100.00%	25

HARSHA ENGINEERS LIMITED

Notes to Restated Consolidated Financial statements for the year ended 31st March 2018

Additional information as required by the General Instructions for preparation of consolidated financial statements to Schedule III of the

Parent: HARSHA ENGINEERS LIMITED

Subsidiaries: AASTHA TOOLS PRIVATE LIMITED
HARSHA ABAKUS SOLAR PRIVATE LIMITED (upto 30-03-2017)
HARSHA ENGINEERS (INDIA) PVT. LTD
HARSHA ENGINEERS B.V
HARSHA PRECISION BEARING COMPONENTS (CHINA) CO. LTD.
HARSHA ENGINEERING COMPONENTS (CHANGSHU) CO. LTD.

As At and for the Period Ended 31st March 2016 (Proforma Ind AS)

(Rs. In Million)

Name of the Company	Net Assets		Share in Profit & Loss		Share In OCI		Share In Total OCI	
	%	Amount	%	Amount	%	Amount	%	Amount
Parent:								
HEL	68.57%	2,255.26	135.33%	228.17	80.19%	-0.99	135.74%	227.18
Subsidiaries								
Indian								
ATPL	1.17%	38.34	1.63%	2.75	19.81%	-0.25	1.50%	2.50
HASPL	7.04%	231.60	17.30%	29.17	0.00%	-	17.43%	29.17
HE(I)PL	0.00%	-0.15		-		-		-
Foreign								
HEBV	6.39%	210.06	-8.20%	-13.82	0.00%	-	-8.26%	-13.82
HPBC(C)CL	14.95%	491.68	-42.15%	-71.06	0.00%	-	-42.46%	-71.06
HEC(C)CL	1.88%	61.97	-3.92%	-6.61	0.00%	-	-3.95%	-6.61
Total	100.00%	3,289	100.00%	169	100.00%	-1	100.00%	167

Annexure C - VI : Statement Of Adjustments To Audited Consolidated Financial Statements

(Rs. In Million)

Particulars	For the year ended 31st March 2018 (Ind AS)	For the year ended 31st March 2017 (Ind AS)	For the year ended 31st March 2016 (Proforma Ind AS)
Net Profit After Tax (as per audited accounts)	563.56	22.82	233.21
Adjustment on account of			
Impact of Revenue Recognition	-	86.71	-
	563.56	109.53	233.21
Restated Net Profit After Tax	**563.56**	**109.53**	**233.21**

For Pankaj R. Shah & Associates
Chartered Accountants
FRN No.: 107361W

Sd/-

CA Nilesh Shah
Designated Partner
M. No. : 107414

Date : 10-08-2018
Place : Ahmedabad

For and on behalf of the Board of Directors
(CIN : U29259GJ1986PLC008520)

Sd/-

Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-

Harish Rangwala
Managing Director
DIN: 00278062

Sd/-

Pilak Shah
Whole-time director and CFO

Sd/-

Kiran Mohanty
Chief Compliance Officer & CS

Date : 10-08-2018
Place : Ahmedabad

Annexure C - VII : Restated Consolidated Statement of Dividend Paid

(Rs. In Million)

Particulars	For the Year Ended 31st March 2018 (Ind AS)	For the Year Ended 31st March 2017 (Ind AS)	For the year ended 31st March 2016 (Proforma Ind AS)
Interim Dividend on Equity Shares	-	-	60
Corporate Dividend Tax	-	-	12
Total	-	-	72.46
Rate Of Dividend on Equity Shares (%):			
On Equity Shares	0%	0%	50%
Dividend per Equity Shares Rupee	-	-	5

The Company has declared dividend of Rs. 5/- per equity share amounting to Rs 602.07 Lakhs and dividend distribution tax of Rs. 123.79 Lakhs thereto for the year ended 31st March, 2018.

For Pankaj R. Shah & Associates
Chartered Accountants
FRN No.: 107361W

Sd/-

CA Nilesh Shah
Designated Partner
M. No. : 107414

Date : 10-08-2018
Place : Ahmedabad

For and on behalf of the Board of Directors
(CIN : U29259GJ1986PLC008520)

Sd/-

Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-

Harish Rangwala
Managing Director
DIN: 00278062

Sd/-

Pilak Shah
Whole-time director and CFO

Sd/-

Kiran Mohanty
Chief Compliance Officer & CS

Date : 10-08-2018
Place : Ahmedabad

Annexure C - VIII : Restated Consolidated statement of Accounting Ratios

(Rs. In Million)

Particulars	For the year ended 31st March 2018 (Ind AS)	For the year ended 31st March 2017 (Ind AS)	For the year ended 31st March 2016 (Proforma Ind AS)
Earning Per Share (EPS) :			
Restated Net profit/(Loss) for the year after tax	**565.94**	**110.13**	**234.45**
Less: Dividend on cumulative redeemable preference shares including tax thereon	-	-	-
Restated net profit / (Loss) for the year attributable to equity shareholders for basic EPS	**565.94**	**110.13**	**234.45**
Add: Dividend on cumulative convertible preference shares including tax thereon	-	-	-
Restated net profit / (Loss) for the year attributable to equity shareholders for diluted EPS	**565.94**	**110.13**	**234.45**
Weighted Average Number of equity shares outstanding during the year (for calculating basic EPS)			
Equity Share Capital as on 31st March	12,041,400.00	12,041,400.00	12,041,400.00
Add: Bonus Issue [27-06-2018]	12,041,400.00	12,041,400.00	12,041,400.00
Weighted Average Number of equity shares outstanding during the year After Bonus Issue (for calculating basic EPS)	**24,082,800.00**	**24,082,800.00**	**24,082,800.00**
Add: Potential equity shares that could arise on conversion of preference shares	-	-	-
Weighted average number of equity shares outstanding during the year (for calculating diluted EPS)	**24,082,800.00**	**24,082,800.00**	**24,082,800.00**
Nominal value per share	10.00	10.00	10.00
Adjusted * Basic Earnings per Share - In ₹	23.50	4.57	9.73
Adjusted * Diluted Earnings per Share-In ₹	23.50	4.57	9.73
Return on Net Worth %	22.57%	5.74%	12.46%
Net asset value per equity share (₹)	104.13	79.73	78.12
@ Working of Net Asset Value per Equity Share:			
Networth (A)	2,507.86	1,920.13	1,881.40
Less: Preference Share Capital (B)	-	-	-
Net Worth(C= A-B)	2,507.86	1,920.13	1,881.40
No. of Equity Shares Outstanding at the end of the year			
Equity Share Capital as on 31st March	12,041,400.00	12,041,400.00	12,041,400.00
Add: Bonus Issue [27-06-2018]	12,041,400.00	12,041,400.00	12,041,400.00
No. of Equity Shares Outstanding at the end of the year (D)	24,082,800.00	24,082,800.00	24,082,800.00
Net asset value per equity share (₹)	104.13	79.73	78.12
Share Capital	120.41	120.41	120.41
Reserves and Surplus, as restated	2,387.45	1,799.72	1,760.98
Networth	**2,507.86**	**1,920.13**	**1,881.40**

1. The Ratios on the basis of Restated Consolidated financial Information have Been computed as below:

Basic Earning Per Share (₹) =	Net Profit as Restated, attributable to equity share holder / Weighted Average Number of equity shares outstanding during the year *
***"as adjusted to bonus issue made on [27-06-2018]"**	
Diluted Earning Per Share (₹) =	Net Profit as Restated, attributable to equity share holder / Weighted Average Number of equity shares outstanding during the year *
***"as adjusted to bonus issue made on [27-06-2018]"**	
Return On Net Worth (%) =	Net Profit after tax as restated (excluding extra ordinary Items) / Net Worth as restated (Excluding Preference Share Capital) at the End Of the year
Net asset value (NAV) per equity share (₹) =	Net Worth as restated (Excluding Preference Share Capital) at the End Of the year / Number of Equity shares outstanding at the end of the year*
***"as adjusted to bonus issue made on [27-06-2018]"**	

*Adjusted EPS is worked out after considering bonus issue.

2. Earning per share calculations are done in accordance with Indian Accounting Standard 33 "Earnings Per Share" issued by the Institute of Chartered Accountants Of India.

3. Group does not have any Extra-Ordinary items and Revaluations reserve.

For Pankaj R. Shah & Associates
Chartered Accountants
FRN No.: 107361W

Sd/-

CA Nilesh Shah
Designated Partner
M. No. : 107414

Date : 10-08-2018
Place : Ahmedabad

For and on behalf of the Board of Directors
(CIN : U29259GJ1986PLC008520)

Sd/-

Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-

Harish Rangwala
Managing Director
DIN: 00278062

Sd/-

Pilak Shah
Whole-time director and CFO

Sd/-

Kiran Mohanty
Chief Compliance Officer & CS

Date : 10-08-2018
Place : Ahmedabad

Harsha Engineers Limited

Annexure D - I : Restated Consolidated Statement Of Assets And Liabilities

₹ In Millions

PARTICULARS	Note No.	As at 31st March 2015 ₹		As at 31st March 2014 ₹	
I Equity and Liabilities					
(1) SHAREHOLDERS' FUNDS					
Share Capital	1	120.41		120.41	
Reserves and Surplus	2	1,818.08	1,938.49	1,417.09	1,537.50
(2) MINORITY INTEREST	3	34.83	34.83	8.19	8.19
(3) NON-CURRENT LIABILITIES					
Long-term borrowings	4	369.52		533.96	
Deferred tax liabilities(Net)	5	48.74		92.44	
Other Long-term liabilities	6	13.18		12.46	
Long-term Provisions	7	29.14	460.58	9.06	647.92
(4) CURRENT LIABILITIES					
Short-term borrowings	8	1,164.41		953.18	
Trade payable	9	589.22		607.31	
Other current liabilities	10	1,062.41		429.30	
Short-term Provisions	11	107.19	2,923.23	103.02	2,092.81
			5,357.16		4,286.42
II Assets					
(1) NON-CURRENT ASSETS					
a Fixed Assets					
(i) Tangible Assets		1,781.12		1,864.54	
(ii) Intangible Assets		26.97		43.90	
(iii) Capital Work in Progress		1.48		5.46	
	12	1,809.57		1,913.89	
b Goodwill on Consolidation					
c Non-current investments		-		-	
d Long-term loans & advances	13	24.29		27.35	
e Other non-current assets		-	1,833.86	-	1,941.24
(2) CURRENT ASSETS					
a Current investments	14	8.53		105.00	
b Inventories	15	1,868.61		1,028.56	
c Trade receivables	16	1,074.35		685.74	
d Cash & cash equivalents	17	233.02		205.85	
e Short-term loans & advances	18	338.78	3,523.29	320.05	2,345.20
			5,357.16		4,286.42
See accompanying notes to the financial statements					

The above statement should be read with the Company Overview and Significant Accounting Policies appearing in Annexure D-IV, Notes to the Restated Consolidated Financial Information appearing in Annexure D-IV, Statement of Adjustmets to Audited Consolidated Financial Statements appearing in Annexure D-V, Restated Consolidated Statement of Dividend Paid appearing in Annexure D-VI, and Restated Consolidated Statement of Accounting Ratios appearing in Annexure D-VII.

As per our Report of even date attached
For Pankaj R.Shah & Asssociates
Chartered Accountants
FRN No: 107361W

Sd/-

CA Nilesh Shah
Designated Partner
M.No.107414
Date: 10-08-2018
Place:Ahmedabad

For & on behalf of the Board of Directors

Sd/-

Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-

Harish Rangwala
Managing Director
DIN: 00278062

Sd/-

Pilak Shah
Whole-time director and CFO

Sd/-

Kiran Mohanty
Chief Compliance Officer & CS

Date: 10-08-2018
Place:Ahmedabad

Harsha Engineers Limited

Annexure D - II : Restated Consolidated Statement Of Profit And Loss Account

₹ In Millions

PARTICULARS	Note No.	For the Year Ended 31st March 2015 ₹	For the Year Ended 31st March 2014 ₹
REVENUE :			
Revenue from Operations	19	5,780.51	4,586.06
Other Income	20	473.83	133.94
TOTAL REVENUE		6,254.34	4,720.00
EXPENSES :			
Cost of Material Consumed	21	4,066.66	2,719.83
Change in Inventories of Finished Goods & Work-in-progress	22	(825.71)	3.58
Employee Benefits Expenses	23	641.08	495.87
Finance Costs	24	179.43	129.42
Depreciation and Amortization Expense	12	303.63	192.78
Other Expenses	25	1,254.14	858.51
TOTAL EXPENSES		5,619.23	4,399.99
PROFIT BEFORE TAXATION		**635.11**	**320.01**
Less : Tax Expenses			
(a) Current Tax		158.16	178.07
(b) Deferred Tax		(22.54)	(2.89)
		135.62	175.18
PROFIT AFTER TAX		**499.49**	144.83
Less:Profit transferred to Minority Interest		19.19	(0.04)
PROFIT AFTER TAX (After adjustment of minority interest)		**480.30**	144.87
Adjusted Earnings per Equity share Rs.(basic and diluted)	Annexure VII	19.94	6.02
(*Adjusted EPS has been worked out considering the bonus issue)			
See accompanying notes to the financial statements			

The above statement should be read with the Company Overview and Significant Accounting Policies appearing in Annexure D-IV, Notes to the Restated Consolidated Financial Information appearing in Annexure D-IV, Statement of Adjustmets to Audited Consolidated Financial Statements appearing in Annexure D-V, Restated Consolidated Statement of Dividend Paid appearing in Annexure D-VI, and Restated Consolidated Statement of Accounting Ratios appearing in Annexure D-VII.

As per our Report of even date attached
For Pankaj R.Shah & Asssociates
Chartered Accountants
FRN No: 107361W

Sd/-

CA Nilesh Shah
Designated Partner
M.No.107414
Date: 10-08-2018
Place:Ahmedabad

For & on behalf of the Board of Directors

Sd/-
Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-
Harish Rangwala
Managing Director
DIN: 00278062

Sd/-
Pilak Shah
Whole-time director and CFO

Sd/-
Kiran Mohanty
Chief Compliance Officer & CS

Date: 10-08-2018
Place:Ahmedabad

Harsha Engineers Limited

Annexure D - III : Restated Consolidated Statement Of Cash Flows

₹ In Millions

	PARTICULARS	For the Year Ended 31st March 2015		For the Year Ended 31st March 2014	
		SUB TOTAL	TOTAL	SUB TOTAL	TOTAL
(A)	**Cash Flow from Operating Activities**				
	Net Profit Before Tax and Exceptional Items	**635.11**		320.01	
	Adjustment for:				
	Current Tax	(158.16)		(24.47)	
	Depreciation	303.63		192.78	
	Provision for Employees Benefits(Gratuity & Leave Salary-AS-	20.08		0.12	
	Interest Expenses	179.43		129.42	
	Interest Income	(23.93)		(7.28)	
	Profit/Loss on sale of Fixed Assets (Net)	1.29		(15.66)	
	Profit/Loss on sale of Current Investments (Net)	4.24		(4.83)	
	Operating Profit before Working Capital Changes	**961.69**		**590.09**	
	Adjustment for:				
	Trade and other receivables	(388.61)		(123.49)	
	Inventories	(840.05)		304.07	
	Changes In FCTR	17.42			
	Short Term Borrowings	211.27		62.90	
	Other Current Liabilities	633.11		35.64	
	Short Term Loans & Advances	(18.74)		(136.54)	
	Trade Payables and other payables	(18.09)		23.66	
	Cash Generated from Operations	**558.00**		**756.34**	
	Direct Taxes Paid (Net)			(153.60)	
	Net cash from Operating Activities		**558.00**		**602.73**
(B)	**Cash Flow from Investing Activities**				
	Purchase of Fixed Assets	(284.43)		(607.78)	
	Long Terms Loans & Advances	3.06		(9.33)	
	Sale of Investments	92.23		22.91	
	Interest received	23.93		7.28	
	Net Cash from / (used in) Investing Activities		**(165.21)**		**(586.92)**
(C)	**Cash Flow from Financing Activities**				
	Proceeds from borrowings	(164.44)		259.33	
	Other Long Term Liabilities	0.72		(16.61)	
	Equity Adjustments	45.83		(86.90)	
	Provisions	4.17		1.42	
	Interest paid	(179.43)		(129.42)	
	Dividends paid	(60.21)		(60.21)	
	Corporate dividend tax	(12.26)		(10.23)	
	Net Cash from / (used in) financing activities		**(365.62)**		**(42.63)**
(D)	**Net Increase / (Decrease) in Cash and Cash Equivalent**		**27.17**		**(26.82)**
	Cash and Cash equivalent at beginning of the year		205.85		232.67
	Cash and Cash equivalent at end of the year		233.02		205.85
	Net Balance - Increase (Decrease)		**27.17**		**(26.82)**

As per our Report of even date attached
For Pankaj R.Shah & Asssociates
Chartered Accountants
FRN No: 107361W

Sd/-

CA Nilesh Shah
Designated Partner
M.No.107414

Date: 10-08-2018
Place:Ahmedabad

For & on behalf of the Board of Directors

Sd/-

Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-

Harish Rangwala
Managing Director
DIN: 00278062

Sd/-

Pilak Shah
Whole-time director and CFO

Sd/-

Kiran Mohanty
Chief Compliance Officer & CS

Date: 10-08-2018
Place:Ahmedabad

A. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS :
These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on accrual basis.Accounting Policies have been consistently applied by the company.

The Restated Consolidated Statement of Assets and Liabilities of the Company as at March 31, 2015 and March31, 2014, the related Restated Consolidated Statement of Profit and Loss and the Restated Consolidated Statement of Cash Flows for the years ended March 31, 2015 and March 31, 2014 (hereinafter collectivelyreferred to as "Restated Consolidated Financial Information") have been prepared specifically for inclusion in the OfferingDocument to be filed by the Company with the Securities and Exchange Board of India ("SEBI") in connection withproposed Initial Public Offering through Offer for Sale (IPO) of its equityshares.

These Restated Consolidated Financial Information have been prepared to comply in all material respects with the requirements of Part I of Chapter III to the Companies Act, 2013 on Prospectus and Allotment of Securities andExchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009(" the SEBI Regulations")as amended from time to time.

B. PRINCIPLES OF CONSOLIDATION :
The consolidated financial statements relate to Harsha Engineers Limited ('the Company') and its subsidiary companies, associates and joint ventures. The consolidated financial statements have been prepared on the following basis:

a)The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements"

b)In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Exchange Fluctuation Reserve.

c) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve, as the case may be.

d)The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the consolidated Profit and Loss Statement being the profit or loss on disposal of investment in subsidiary.

e) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.

f) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

g) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

C. Investments other than in subsidiaries have been accounted as per Accounting Standard (AS) 13 on "Accounting for Investments".

D. Other significant accounting policies :
These are set out under "Significant Accounting Policies" as given in the Company's separate financial statement

Harsha Engineers Limited

Annexure D - IV : Notes To Restated Consolidated Financial Information

NOTE 1 : SHARE CAPITAL ₹ In Millions

Particulars	31st March,2015	31st March,2014
Authorised Share Capital		
15,000,000 Equity Shares of Rs.10/ each	150.00	150.00
Issued, Subscribed & Paid Up Capital		
12,041,400 Equity Shares of Rs.10/- each	120.41	120.41
Total	**120.41**	**120.41**

1.1 : The reconciliation of the number of shares outstanding is set out below :

Particulars	31st March,2015	31st March,2014
Equity Shares at the beginning of the year	12,041,400	12,041,400
Add: Shares Issued during the year	-	-
Less: Shares bought back during the year	-	-
Equity Shares outstanding at the end of the year	12,041,400	12,041,400

1.2 : The details of Shareholders holding more than 5% shares :

Particulars		31st March,2015	31st March,2014
Name of Shareholder	**Holding in %**	**No. of Shares held**	**No. of Shares held**
Mr. Rajendra S. Shah	- 14.97 % of Holding	1,802,690	1,802,700
Smt. Nirmala R. Shah	- 14.95 % of Holding	1,800,000	1,800,000
Mr. Pilak R. Shah	- 9.97 % of Holding	1,200,000	1,200,000
Mr. Harish R. Rangwala	- 24.93 % of Holding	3,001,346	3,000,000
Smt. Charusheela H. Rangwala	- 24.93 % of Holding	3,001,348	3,000,000

NOTE 2 : RESERVES & SURPLUS ₹ In Millions

Particulars	31st March,2015	31st March,2014
General Reserve :		
Opening Balance	333.94	302.44
Add : Current Year Transfer	25.76	31.50
Add: Foreign Currency Translation (Difference)	0.36	-
Closing Balance	360.06	333.94
Surplus (Profit & Loss Account) :		
Opening Balance	850.02	807.12
Less: Due To changes in Inventory Valuation	-	
Add: Net Profit/(Net Loss) For the current year	480.30	144.84
Less: Depreciation in respect of assets whose useful life is over	62.67	-
Add: DTA on Depreciation charged to retained earnings	21.17	-
Less: Proposed Dividend	60.21	60.21
Less: Dividend Distribution Tax	12.26	10.23
Less: Transfer to General Reserve	25.76	31.50
Less: Foreign Currency Translation Reserve	44.17	-
Closing Balance	1,146.42	850.02
Securities premium :	7.50	7.50
Capital Reserve on Consolidation (Net of Goodwill) :	220.92	216.63
Foreign Currency Translation Reserve on Consolidation :	71.01	14.93
Less : Transfer of Minority Interest	(12.17)	5.93
Total	**1,818.08**	**1,417.09**

Harsha Engineers Limited

Annexure D - IV : Notes To Restated Consolidated Financial Information

NOTE 3 : MINORITY INTEREST **₹ In Millions**

Particulars	31st March,2015	31st March,2014
Share Capital	27.81	2.30
Resurve & Surplus (Opening Balance) :	(12.17)	5.93
Surplus for the year (Profit & Loss Account) :	19.19	(0.04)
Total	**34.83**	**8.19**

NOTE 4 : LONG-TERM BORROWINGS **₹ In Millions**

Particulars	31st March,2015	31st March,2014
SECURED LOANS		
From STATE BANK OF INDIA (1.For Harsha Enggineers Ltd.-Hypothecation of movable assets of Changodar and Moraiya unit, except plant and machineries of DGBB unit and Brass Moraiya unit. 2.For.Harsha Engineers Components (Changshu)Co.Ltd,China-Charge on Inventories, debtors & movable assets including P&M & collateral security by LOC from SBI India)	14.06	72.04
From CITI BANK N.A. (First paripassu charge on land building of Moraiya Plant & exclusive charge on movable fixed assets of the Brass Moraiya unit)	165.63	228.13
From ICICI BANK LTD. (Secured by exclusive charge on 1MW Solar Power Plant and collateraly secured by plant and machinery of DGBB Unit.)	69.83	83.79
From HSBC LTD. (First paripassu charge on land &building of Moraiya Plant)	120.00	150.00
Total	**369.52**	**533.96**

Terms of Repayment : **₹ In Millions**

Particulars	31st March,2015	31st March,2014
1-2 Years	**129.78**	**164.45**
2-3 Years	**124.06**	**129.78**
3-4 Years	**115.68**	**124.06**
Beyond 4 Years	**-**	**115.68**

NOTE 5 : DEFERRED TAX LIABILITIES (NET) **₹ In Millions**

As required by the Accounting Standard AS-22 "Accounting for taxes on income", the major

Partucular	31st March,2015	31st March,2014
Opening Balance of Net Deferred Tax Liability/(Asset)	**92.45**	**95.34**
Deffered Tax Liability		
Difference between book and tax depreciation	-	2.32
Allowable under Income-tax Act 1961	11.22	15.32
Deffered Tax Liability	**11.22**	**17.64**
Deffered Tax Assets		
Difference between book and tax depreciation	18.15	5.00
Disallowable under Income-tax Act 1961	15.61	15.54
Deffered Tax Assets	**33.76**	**20.54**
Net Deffered Tax Asset impact of current year :	**22.54**	**2.90**
Deffered Tax Assets		
Differences of re-calculated book deprecation of assets transfer to Reserve, As per CA,2013	21.17	-
Closing Balance of Net Deferred Tax Liability/(Asset)	**48.74**	**92.44**

Harsha Engineers Limited

Annexure D - IV : Notes To Restated Consolidated Financial Information

NOTE 6 : OTHER LONG-TERM LIABILITIES ₹ In Millions

Particulars	31st March,2015	31st March,2014
Contingent Deposit from Vendor	10.13	9.08
Advance from Staff	2.94	3.38
Advances from Customers(Other Than Goods)	0.11	-
Total	**13.18**	**12.46**

NOTE 7 : LONG-TERM PROVISIONS ₹ In Millions

Particulars	31st March,2015	31st March,2014
Provision For Employees Benefits	29.14	9.06
Total	**29.14**	**9.06**

NOTE 8 : SHORT-TERM BORROWINGS ₹ In Millions

Particulars	31st March,2015	31st March,2014
From Bank		
Cash Credit Account	46.10	250.14
Working Capital Demand Loan	290.07	141.29
Bills Discounted and Export Packing Credit	140.40	44.48
	476.57	**435.91**
1.For Harsha Enggineers Ltd.-Secured by Hypothecation of Inventories, debtors ranking pari passu with Citibank and collateral security by way of Hypothecation of movable assets except plant and Machineries of DGBB unit and Brass Moraiya unit & immovable asset of changodar plant and Secured by hypothecation of Inventories, debtors ranking pari passu with SBI.		
2.For.Harsha Engineers Components (Changshu)Co.Ltd,China-Charge on Inventories, debtors & movable assets including P&M & collateral security by LOC from SBI India and Based on SBLC from Citibank India		
3.For.Harsha Abakus Solar Pvt. Ltd- Demand loans from banks are secured by personal guarantee of Directors and also by first charge of hypothecation of company's assets including stock of Raw Materials, Semi-Finished, Finished Goods, Consumable Stores and spares and other such movables,book debts, bill whether documentary or clean, outstanding monies, receivables, plant and machineries and all other current assets both present and future.		
UNSECURED LOANS		
Deposits from Shareholders and Others	194.52	214.07
Loan from Directors	323.32	228.20
Loans from Bank	170.00	75.00
	687.84	**517.27**
Total	**1,164.41**	**953.18**

NOTE 9 : TRADE PAYABLES ₹ In Millions

Particulars	31st March,2015	31st March,2014
Creditors for goods and services	589.22	607.31
Total	**589.22**	**607.31**

NOTE 10 : OTHER CURRENT LIABILITIES ₹ In Millions

Particulars	31st March,2015	31st March,2014
Current maturities of long term debt	191.06	108.12
Interest accrued but not due on borrowings	3.67	4.59
Interest accrued and due on borrowings	3.43	41.91
Advances from Customers	731.54	7.13
Statutory Liabilities	111.17	248.03
Other Liabilities	21.54	19.52
Total	**1,062.41**	**429.30**

Harsha Engineers Limited

NOTE 12 : FIXED ASSETS AND DEPRECIATION AS ON 31ST MARCH 2015 **₹ In Millions**

Fixed Assets	Gross Block					Accumulated Depreciation							Net Block	
	Balance as at 1 April 2014	Additions/ (Disposals)	Class to Class	Adjustment *	Balance as at 31 March 2015	Balance as at 1 April 2014	Depreciation charge for the year	Depreciation for assets whose of	Class to Class	Adjustment*	On disposals	Balance as at 31 March 2015	Balance as at 1 April 2015	Balance as at 31 March 2014
A.Tangible Assets														
Land	101.92	3.27	-	2.21	107.40	3.94	1.21	-	-	0.17	-	5.31	102.09	97.99
Buildings	632.46	24.45	(25.32)	4.32	635.92	102.08	20.21	-	4.18	0.69	-	118.80	517.11	530.39
Plant and Equipment	2,281.54	52.18	(242.50)	26.40	2,117.62	1,248.14	195.85	43.32	66.95	9.64	70.91	1,359.10	758.52	1,033.40
Furniture and Fixtures	63.45	16.15	-	0.04	79.65	24.57	8.29	1.58	-	0.01	0.28	34.18	45.46	38.88
Vehicles	41.77	(2.68)	-	0.09	39.18	14.02	5.15	0.13	-	0.05	4.24	15.10	24.08	27.75
Office equipment	18.51	1.93	-	0.17	20.61	5.74	3.78	2.27	-	0.12	0.11	11.80	8.82	12.77
Electrical Fittings	63.74	30.69	-	0.17	94.60	25.92	9.40	1.60	-	0.13	0.58	36.47	58.13	37.82
Tools & Equipments	116.91	3.34	-	4.94	125.20	69.79	11.55	-	-	2.95	-	84.28	40.91	47.13
Computer & Peripherals	35.82	6.86	(10.78)	0.11	32.01	28.41	5.32	1.02	11.39	0.10	0.46	23.00	9.01	7.40
AC Plant and ACs	40.96	2.74	-	-	43.70	12.99	5.58	9.49	-	-	0.01	28.04	15.66	27.97
Server & Network	0.32	0.60	9.68	-	10.60	0.17	0.65	-	(7.78)	-	-	8.60	2.00	0.16
Carpeted Roas-RCC	3.07	-	25.32	-	28.39	0.18	8.21	2.03	(4.18)	-	-	14.60	13.79	2.89
Laboratory Equipment	-	16.40	20.48	-	36.88	-	2.29	-	(9.18)	-	3.52	7.95	28.94	-
Solar Machinery	-	-	153.11	-	153.11	-	5.60	-	(17.99)	-	-	23.59	129.52	-
Wind Mill	-	-	68.91	-	68.91	-	2.05	-	(39.77)	-	-	41.82	27.09	-
Total (a)	**3,400.46**	**155.93**	**(1.10)**	**38.46**	**3,593.75**	**1,535.93**	**285.13**	**61.43**	**3.61**	**13.86**	**80.11**	**1,812.63**	**1,781.12**	**1,864.53**
B.Intangible Assets														
Computer software & Other Intangible Assets	107.08	3.29	1.10	(38.41)	73.07	63.18	18.50	1.25	(3.61)	(39.64)	0.80	46.10	26.97	43.90
Total (b)	**107.08**	**3.29**	**1.10**	**(38.41)**	**73.07**	**63.18**	**18.50**	**1.25**	**(3.61)**	**(39.64)**	**0.80**	**46.10**	**26.97**	**43.90**
C.Capital Work In Progress	5.46	(3.98)	-	-	1.48	-	-	-	-	-	-	-	1.48	5.46
Total [c]	**5.46**	**(3.98)**	**-**	**-**	**1.48**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.48**	**5.46**
Total (a + b + c)	**3,513.00**	**155.25**	**(0.00)**	**0.05**	**3,668.30**	**1,599.11**	**303.63**	**62.67**	**0.00**	**(25.78)**	**80.91**	**1,858.73**	**1,809.57**	**1,913.89**

Note :We have implemented Companies Act 2013 for calculating depreciation on fixed asset. Because of this transition phase we have charged additional depreciation of 48.190 Millions during 2014-15.

*** Adjustment Include Difference of Foreign Exchange of Asset Relating to Foreign Assets**

Harsha Engineers Limited

NOTE 12 : FIXED ASSETS AND DEPRECIATION AS ON 31ST MARCH 2014 **₹ In Millions**

Fixed Assets	Gross Block				Accumulated Depreciation					Net Block	
	Balance as at 1 April 2013	Additions/ (Disposals)	Translation Reserve	Balance as at 31 March 2014	Balance as at 1 April 2013	Depreciation charge for the year	Translation Reserve	On disposals	Balance as at 31 March 2014	Balance as at 1 April 2014	Balance as at 31 March 2013
A.Tangible Assets											
Land	107.75	(5.83)	-	101.92	3.70	0.24	-	-	3.94	97.99	104.06
Buildings	462.49	169.97	-	632.46	89.84	12.25	-	0.01	102.08	530.39	375.62
Plant and Equipment	2,211.85	69.69	-	2,281.54	1,109.99	142.95	-	4.81	1,248.14	1,033.40	1,101.85
Furniture and Fixtures	56.37	7.08	-	63.45	20.75	3.82	-	-	24.57	38.88	35.62
Vehicles	48.81	(7.04)	-	41.77	12.76	4.53	-	3.28	14.02	27.75	36.05
Office equipment	19.67	(1.17)	-	18.51	6.66	0.81	-	1.74	5.74	12.77	13.01
Electrical Fittings	62.38	1.36	-	63.74	22.21	3.71	-	-	25.92	37.82	40.17
Tools & Equipments	116.19	0.72	-	116.91	65.87	3.92	-	-	69.79	47.13	50.32
Computer & Peripherals	32.88	2.93	-	35.82	22.46	5.98	-	0.03	28.41	7.40	10.61
AC Plant and ACs	40.13	0.84	-	40.96	10.21	2.78	-	-	12.99	27.97	29.91
Server & Network	0.32	-	-	0.32	0.14	0.03	-	-	0.17	0.16	-
Carpeted Roas-RCC	3.07	-	-	3.07	0.11	0.07	-	-	0.18	2.89	-
Laboratory Equipment	-	-	-	-	-	-	-	-	-	-	-
Solar Machinery	-	-	-	-	-	-	-	-	-	-	-
Wind Mill	-	-	-	-	-	-	-	-	-	-	-
Total (a)	**3,161.93**	**238.54**	**-**	**3,400.47**	**1,364.70**	**181.09**	**-**	**9.86**	**1,535.93**	**1,864.54**	**1,797.23**
B.Intangible Assets											
Computer software & Other Intangible Assets	105.94	1.14	-	107.08	51.49	11.69	-	-	63.18	43.90	54.44
Total (b)	**105.94**	**1.14**	**-**	**107.08**	**51.49**	**11.69**	**-**	**-**	**63.18**	**43.90**	**54.44**
C.Capital Work In Progress	147.31	(141.85)	-	5.46	-	-	-	-	-	5.46	147.31
Total [c]	**147.31**	**(141.85)**		**5.46**	**-**	**-**		**-**	**-**	**5.46**	**147.31**
Total (a + b + c)	**3,415.17**	**97.84**		**3,513.00**	**1,416.19**	**192.78**		**9.86**	**1,599.11**	**1,913.89**	**1,998.97**

NOTE 11 : SHORT-TERM PROVISIONS ₹ In Millions

Particulars	31st March,2015	31st March,2014
Provision for Taxation (Net of Advance Tax)	34.78	25.19
Provision for Employees Benefits	(0.06)	7.39
Provision for Proposed Dividend	60.21	60.21
Provision for Corporate Dividend Tax	12.26	10.23
Total	**107.19**	**103.02**

NOTE 13 : LONG-TERM LOANS & ADVANCES ₹ In Millions

Particulars	31st March,2015	31st March,2014
(Unsecured, Considered Good)		
Capital Advances	11.24	20.37
Security Deposits	3.04	3.24
Loans to Employees	0.54	0.67
Other Loan & Advances	9.47	3.07
Total	**24.29**	**27.35**

NOTE 14 : CURRENT ASSETS ₹ In Millions

Current Assets	31st March,2015	31st March,2014
Investment in Mutual Fund – Quoted, Fully Paid Up		
SBI Magnum Income Fund-Regular Plan-Growth (Units-172439.362)	5.00	5.00
Taurus Ultra Short Term Bond Fund - Direct Plan - SIG (Units-1523.4970)	2.57	-
Taurus Short Term income Fund-Direct Plan-Growth (Units-8,947.039)	-	200.00
Taurus Liquid Fund-Direct Plan SI-G (Units-21,660.614)	-	300.00
Investment-Current A/c Cleanmax Harsha Solar LLP		
SBI Premier Liquid Fund-Regular Plan (Units-24,833.968)	-	500.00
HDFC Liquid Fund-G Units- 35,109.705	0.96	-
Total	**8.53**	**105.00**
Market value of quoted investments	9.37	105.27

NOTE 15 : INVENTORIES ₹ In Millions

Particulars	31st March,2015	31st March,2014
(As taken, valued & certified by Management)		
Raw Materials	154.86	157.08
Semi Finished Goods	59.18	69.97
Finished Goods	357.41	276.54
Stores & Spares	78.53	66.25
Toolings	480.65	440.78
Project bought-out Components-Solar	16.44	12.16
Stock in trade-Solar	721.54	5.78
Total	**1,868.61**	**1,028.56**

NOTE 16 : TRADE RECEIVABLES ₹ In Millions

Particulars	31st March,2015	31st March,2014
Unsecured and Considered Good		
Receivables exceeding six months	109.11	116.59
Other Receivables	965.24	569.15
Total	**1,074.35**	**685.74**

NOTE 17 : CASH AND CASH EQUIVALENTS ₹ In Millions

Particulars	31st March,2015	31st March,2014
Cash on Hand	0.93	1.08
Balances with Banks		
In Current Accounts	49.57	155.56
In Fixed Deposit Accounts	146.94	35.60
(Rs.1000 lacs FD has been lien marked for fund base limit allocated by HDFC Bank Ltd. to Harsha Abakus Solar Pvt.Ltd.)		
In Margin Money Accounts	35.58	13.61
Total	**233.02**	**205.85**

Harsha Engineers Limited

Annexure D - IV : Notes To Restated Consolidated Financial Information

NOTE 18 : SHORT-TERM LOANS AND ADVANCES ₹ In Millions

Particulars	31st March,2015	31st March,2014
(Unsecured, Considered Good)		
Balances with Govt. Authorities	162.28	148.20
Export Benefits Receivables	43.40	70.16
Prepaid Expenses	22.53	25.94
Advances to Suppliers	61.11	10.88
Loans to Employees	1.43	1.56
Income Receivable & Other Advances	46.85	59.55
Freight Receivables	1.18	3.76
Total	**338.78**	**320.05**

NOTE 19 : REVENUE FROM OPERATIONS ₹ In Millions

Particulars	2014-15	2013-14
Sales	6,020.75	4,812.61
Gross Sales	**6,020.75**	**4,812.61**
Less: Excise Duty	180.99	173.19
Less: Sales Tax	59.25	53.36
Net Revenue From Operations	**5,780.51**	**4,586.06**

NOTE 20 : OTHER INCOME ₹ In Millions

Particulars	2014-15	2013-14
Recurring Income		
Wind Mill Power Generation	12.33	11.95
Solar Power Generation	23.30	23.46
MEIS Income		
DEPB/SHIS Income	2.29	8.94
Duty Drawback	34.03	30.61
Focus Product Scheme (FPS)	35.58	27.60
Focus Market Scheme (FMS)	3.74	2.79
Market Linked Focus Product Scheme (MLFPS)	(0.16)	(0.38)
Gain/(Loss) on Foreign Currency Transaction	(20.08)	15.83
Interest Income	23.93	7.28
Lease Rent & Miscellaneous Income	1.03	1.03
	115.99	**129.11**
Non-Recurring Income		
Net Gain/(Loss) on Sale of Investment	(4.24)	4.83
Excess Provision Written Back	362.08	-
	357.84	**4.83**
Total	**473.83**	**133.94**

NOTE 21 : COST OF MATERIAL CONSUMED ₹ In Millions

Particulars	2014-15	2013-14
Consumption	3,336.71	2,709.93
Purchase of traded goods	724.05	4.83
Inward Transportation	5.90	5.07
Total	**4,066.66**	**2,719.83**

NOTE 22 : CHANGE IN INVENTORIES OF FINISHED GOODS & WORK IN PROGRESS ₹ In Millions

Particulars	2014-15	2013-14
Semi finished goods opening stock	75.75	66.65
Less : Semi finished goods closing stock	780.72	75.75
Total (A)	**(704.97)**	**(9.10)**
Finished goods opening stock	276.54	292.34
Less : Finished goods closing stock	357.41	276.54
Total (B)	**(80.87)**	**15.80**
Toolings opening stock	440.78	437.66
Less : Toolings closing stock	480.65	440.78
Total (C)	**(39.87)**	**(3.12)**
Total (A+B+C)	**(825.71)**	**3.58**

Harsha Engineers Limited

Annexure D - IV : Notes To Restated Consolidated Financial Information

NOTE 23 : EMPLOYEE BENEFITS EXPENSES ₹ In Millions

Particulars	2014-15	2013-14
Salaries,Wages,Allowances,Bonus etc.	535.49	376.93
Contribution to PF, FPF, ESI etc.	61.27	37.69
Staff Welfare	44.32	43.04
	-	38.21
Total	**641.08**	**495.87**

NOTE 24 : FINANCE COST ₹ In Millions

Particulars	2014-15	2013-14
Interest Expense		
On Term Loans	64.18	33.87
On Working Capital Loans	43.84	9.43
On Deposits	51.29	62.58
Interest to Others	0.26	0.29
Interest to CP		
Total (A)	**159.57**	**106.17**
Other Borrowing Costs		
Bank Charges & Processing Fees	18.92	16.03
Foreign Currency Conversion Charges	0.94	7.22
Total (B)	**19.86**	**23.25**
Total (A+B)	**179.43**	**129.42**

NOTE 25 : OTHER EXPENSES ₹ In Millions

Particulars	2014-15	2013-14
STORES & PACKING		
Stores Consumed	236.74	171.51
Packing Materials Consumed	130.92	109.50
Total (A)	**367.66**	**281.01**
POWER & FUEL		
Factory power consumption	133.04	95.10
Fuel Consumed	1.77	0.29
D G Set Maintenance	-	-
Total (B)	**134.81**	**95.39**
OPERATIVE EXPENSES		
Machinery Repairs	17.77	9.96
Windmill Repairs & Maintenance	1.88	1.80
Solar Repairs & Maintenance	1.47	1.89
Labour Charges	249.30	134.81
Non Quality Expenses	13.18	10.55
Non-Quality Expenses (Traveling)	2.76	1.52
Inward Cartage	7.71	5.10
Material Testing Charges	0.78	2.43
Water Charges	0.22	0.18
Total (C)	**295.07**	**168.24**
Particulars	**2014-15**	**2013-14**
ADMINISTRATIVE AND OTHER EXPENSES		
Advertisement & Sales Promotion	12.42	6.93
Audit Fees	3.51	4.99
Boni	0.01	0.01
Books & Periodicals	0.21	0.17
Celebration Expenses	1.63	0.96
Computer Expenses	0.09	0.06
Conveyance	0.96	0.61
Cash Discount	1.46	1.84
Car Lease Rent	10.51	5.25
Car Fleet Management Exp.	0.85	0.35
Export Benefit Discount & Other Exp.	2.56	1.22
Domestic Freight	36.12	28.75

Harsha Engineers Limited

Annexure D - IV : Notes To Restated Consolidated Financial Information

Particulars	2014-15	2013-14
Domestic Traveling	17.39	13.78
Domestic Warehousing	-	0.67
Donation	0.53	0.34
ECGC Premium	-	-
Excise Expenses	10.43	2.08
Export Expenses	1.68	1.31
Export Freight	163.61	128.92
Factory License Fees	0.06	0.07
Fringe Benefit Tax	-	-
Gardening Expenses	2.26	0.85
General Expenses	27.18	16.25
Land Revenue	-	-
Lease Rent	10.78	12.66
Legal & Professional Charges	38.87	21.89
Loss / (Profit) on Sale of Assets	1.29	(15.66)
Membership Fee & Seminar Exps.	0.47	0.72
Municipal Tax	0.13	0.43
Warehousing Expenses	15.88	13.42
Postage, telephone & telex	5.49	3.67
Product Liability Insurance	6.65	5.73
Professional Tax	1.70	0.01
Quality Certification Exps.	0.90	0.38
Recruitment Expenses	2.00	1.65
Repairs & Maintenance	23.70	22.02
Round Off	(0.01)	(0.00)
Sales Tax	0.55	0.15
Security Service	14.39	8.22
Sundry Balances Written Off	(0.22)	2.57
Staff Training	1.77	0.93
Stationery & Printing	2.40	1.46
Transit Insurance	1.20	1.25
Vehicle Expenses	11.16	4.59
Wind mill Insurance	0.09	0.08
Short Provision of Income-tax	-	-
Income-tax	3.31	0.72
Wealth Tax	0.18	0.23
Total (D)	**456.60**	**313.87**
Total (A+B+C+D)	**1,254.14**	**858.51**

NOTE 26 : CONTINGENT LIABILITIES NOT PROVIDED FOR : **₹ In Millions**

Particulars	2014-15	2013-14
(i) Letter of Credit / Letter of comfort & Bank Guarantee	213	195
(ii) Corporate guarantee for Harsha Abakus Solar Pvt. Ltd in favor of HDFC Bank Ltd.	200	200
(iv) Custom duty benefits towards duty free imports under EPCG license scheme in respect of which export obligation are yet to be discharged.	-	-

NOTE 27 : Figures have been rounded off to the nearest rupees in Millions.

NOTE 28 : Figures pertaining to the subsidiaries companies have been regrouped / reclassified where ever necessary to bring them in line with the group financial statement.

Harsha Engineers Limited

Annexure D - V : Statement Of Adjustments To Audited Consolidated Financial Statements

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
Net Profit After Tax (as per audited accounts)	502.81	240.04
Adjustment on account of		
Impact of Changes In Inventory Valuation Method	(1.10)	(7.11)
Impact of Revenue Recognition	(27.63)	(79.02)
Forex Adjstments on Inventory	6.21	(9.04)
	(22.51)	(95.17)
Restated Net Profit After Tax	480.30	144.87

As per our Report of even date attached
For Pankaj R.Shah & Asssociates
Chartered Accountants
FRN No: 107361W

Sd/-

CA Nilesh Shah
Designated Partner
M.No.107414
Date: 10-08-2018
Place:Ahmedabad

For & on behalf of the Board of Directors

Sd/-

Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-

Harish Rangwala
Managing Director
DIN: 00278062

Sd/-

Pilak Shah
Whole-time director and CFO
Date: 10-08-2018
Place:Ahmedabad

Sd/-

Kiran Mohanty
Chief Compliance Officer & CS

Annexure D - VI : Restated Consolidated Statement of Dividend Paid

₹ In Millions

Particulars	For the Year Ended 31st March 2015	For the Year Ended 31st March 2014
Interim Dividend on Equity Shares	60.21	60.21
Corporate Dividend Tax	12.26	10.23
Total	72.47	70.44
Rate Of Dividend on Equity Shares (%):		
On Equity Shares	50%	50%
Dividend per Equity Shares Rupee	5	5

For Pankaj R. Shah & Associates
Chartered Accountants
FRN No.: 107361W

Sd/-

CA Nilesh Shah
Designated Partner
M.No.107414

Date : 10-08-2018
Place : Ahmedabad

For and on behalf of the Board of Directors

Sd/-

Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-

Harish Rangwala
Managing Director
DIN: 00278062

Sd/-

Pilak Shah
Whole-time director and CFO

Sd/-

Kiran Mohanty
Chief Compliance Officer & CS

Date : 10-08-2018
Place : Ahmedabad

ANNEXURE D-VII: RESTATED CONSOLIDATED STATEMENT OF ACCOUNTING RATIOS

₹ in million

Particulars	**For year ended 31/03/2015**	**For year ended 31/03/2014**
Earning Per Share (EPS):		
Restated net profit after tax	480.30	144.87
Less: Dividend on cumulative redeemable preference shares including tax thereon	-	-
Restated Net Profit for the year attributable to equity shareholders for basic EPS	480.30	144.87
Add: Dividend on cumulative convertible preference shares including tax thereon	-	-
Restated Net Profit for the year attributable to equity shareholders for diluted EPS	480.30	144.87
Weighted average number of equity shares outstanding during the year (for calculating basic EPS)		
Equity Share Capital as on 31st March	12,041,400	12,041,400
Add: Bonus Issue [27-06-2018]	12,041,400	12,041,400
Weighted Average Number of equity shares outstanding during the year After Bonus Issue (for calculating basic EPS)	24,082,800	24,082,800
Add: Potential equity shares that could arise on conversion of preference shares	-	-
Weighted average number of equity shares outstanding during the year (for calculating diluted EPS)	24,082,800	24,082,800
Nominal value per share (₹)	10	10
Basic Earnings per Share (₹)	19.94	6.02
Diluted Earnings per Share (₹)	19.94	6.02
Return on Net Worth %	24.78%	9.42%
Net asset value per equity share (₹) @	80.50	63.84
@ Working of Net Asset Value per Equity Share:		
Networth (A)	1,938.49	1,537.50
Less: Preference Share Capital (B)	-	-
Net Worth(C= A-B)	1,938.49	1,537.50
No. of Equity Shares Outstanding at the end of the year		
Equity Share Capital as on 31st March	12,041,000	12,041,000
Add: Bonus Issue [27-06-2018]	12,041,000	12,041,000
No. of Equity Shares Outstanding at the end of the year (D)	**24,082,000**	**24,082,000**
Net asset value per equity share (₹)	80.50	63.84
Share Capital	120.41	120.41
Reserves and Surplus, as restated	1,818.08	1,417.09
Networth	1,938.49	1,537.50

Basic Earning Per Share (₹) = Net profit as restated, attributable to equity shareholders / Weighted average number of equity shares outstanding during the year*

***"as adjusted to bonus issue made on 27-06-2018"**

Diluted Earning Per Share (₹) = Net profit as restated, attributable to equity shareholders / Weighted average number of dilutive equity shares outstanding during the year*

***"as adjusted to bonus issue made on 27-06-2018"**

Return On Net Worth (%) = Net profit after tax as restated (excluding extraordinary Items) / Net worth as restated (excluding Preference Share Capital) at the end of the year

Net asset value (NAV) per equity share (₹) = Net worth as restated (excluding Preference Share Capital) at the end of the year / Number of equity shares outstanding at the end of the year*

***"as adjusted to bonus issue made on 27-06-2018"**

2. Earning per share calculations are done in accordance with Indian Accounting Standard 33 "Earnings Per Share" issued by the Institute of Chartered Accountants Of India.

3. Group does not have any Extra-Ordinary items and Revaluations reserve.

For Pankaj R. Shah & Associates
Chartered Accountants
FRN No.: 107361W

Sd/-

CA Nilesh Shah
Designated Partner
M.No.107414

Date : 10-08-2018
Place : Ahmedabad

For and on behalf of the Board of Directors

Sd/-

Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-

Harish Rangwala
Managing Director
DIN: 00278062

Sd/-

Pilak Shah
Whole-time director and CFO

Sd/-

Kiran Mohanty
Chief Compliance Officer & CS

Date : 10-08-2018
Place : Ahmedabad

INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED STANDALONE FINANCIAL INFORMATION

Private and Confidential

The Board of Directors
Harsha Engineers Limited
Changodar,
Sarkhej Bavla Road,
Ahmedabad – 382 213.
Gujarat.

Dear Sirs,

1. We have examined the attached Restated Standalone Financial Information of Harsha Engineers Limited ('the Company'), which comprise of the Restated Standalone Summary Statement of Assets and Liabilities as at 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014, the Restated Standalone Summary Statement of Profit and Loss (including Other Comprehensive Income, as applicable)and the Restated Standalone Statement of Cash Flows for each of the financial years ended 31 March 2018, 31 March 2017, 31 March 2016, 31 March 2015 and 31March 2014 and the Restated Standalone Summary Statement of Changes in Equity for each of the financial years ended 31 March 2018, 31 March 2017 and 31 March 2016 and the summary of significant accounting policies, read together with the annexures and notes thereto and other restated financial statement as mentioned in paragraphs [7 and 8] below (collectively, the 'Restated Standalone Financial Statement'), as approved by the Board of Directors of the Company at their meeting held on 10-08-2018 for the purpose of inclusion in the offer document prepared by the Company in connection with its proposed initial public offer of Equity shares by way of fresh issue and an offer for sale by the existing shareholders (collectively referred to as 'the Offer') and is prepared in terms of the requirements of:

(a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the 'Act');
(b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time in pursuance of provision of Securities and Exchange Board of India Act, 1992 (the 'ICDR Regulations'); and
(c) The Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India ('ICAI') as amended from time to time (the 'Guidance Note').

2. The preparation of the Restated Standalone Financial Information is the responsibility of the Management of the Company ('Management') for the purpose set out in paragraph [13] below. The Management's Responsibility includes designing, implementing and maintenance of adequate internal financial controls relevant to the preparation and presentation of the Restated Standalone Financial Information. The Management is also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and Guidance Note.

Our responsibility is to examine the Restated Standalone Financial Information and confirm whether such Restated Standalone Financial Information complies with the requirements of the Act, the ICDR Regulations and the Guidance Note.

3. We have examined the Restated Standalone Financial Information taking into consideration:
   (a) The terms of reference and terms of our engagement agreed upon with you in accordance with our Engagement letter dated 30 April 2018 in connection with the Offer;
   (b) The Guidance Note on Reports in Company Prospectuses (Revised 2016), issued by The Institute of Chartered Accountants of India ('ICAI') as amended from time to time (the 'Guidance Note').

4. These Restated Standalone Financial Information have been compiled and prepared by the Management as follows:
   (a) **As at and for the financial years ended 31 March 2018 and 31 March 2017:** From the audited standalone Financial statements of the Company as at and for the year ended 31 March 2018 and as at and for the year ended 31 March 2017 being the comparative period for the year ended 31 March 2018,prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act 2013, read with Companies (Indian Accounting Standards) Rules 2015 and Companies (Indian Accounting Standards) (Amendment) Rules 2016 and other relevant provisions of the Act, which have been approved by the Board of Directors at their meeting held on 03-08-2018. The audited standalone financial statements of the Company as at and for the year ended 31 March 2017, prepared in accordance with the accounting standards notified under Section 133 of the Companies Act, 2013 ('Previous GAAP') have been approved by the Board of Directors at their meeting held on 24 July 2017. These audited Standalone Financial statements have been adjusted for the difference in the accounting principles adopted by the Company on transition to Ind AS, which have been audited by us.

   (b) **As at and for the year ended 31 March 2016:** From the audited standalone financial statements of the Company as at and for the year ended 31 March 2016, prepared in accordance with Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014, and the other relevant provisions of the Act which has been approved by the Board of Directors at their meeting held on 22nd July, 2016. These audited standalone financial statements of the Company as at and for the year ended 31 March 2016 have been converted into Ind AS to align accounting policies, exemptions and disclosures as adopted for the preparations of the first Ind AS financial statements for the year ended 31 March 2018. These Restated Standalone Financial Statement as at and for the year ended 31 March 2016 is referred to as 'the Standalone Proforma Ind AS Financial Statement'; and

   (c) **As at and for the financial years ended 31 March 2015 and 31 March 2014:** From the audited standalone financials statements of the Company as at and for the financial years ended 31 March 2015 and 31 March 2014, prepared in accordance with accounting standards prescribed under Section 211 (3C) of the Companies Act, 1956 read with the Companies Accounting Standard Rules (2006) and which have Been approved by the Board of Directors at their meeting held on 30th June, 2015 and 30th June, 2014.

5. We have examined the following Standalone Financial Statements of the Company contained in Restated Standalone Financial Information of the Company :

(a) The Restated Standalone Summary Statement of Assets and Liabilities of the Company as at March 31, 2018, 2017 and 2016 under Ind AS, as set out in Annexure A- I and as at March 31, 2015 and 2014 under Indian GAAP, as set out in Annexure B-I ;

(b) The Restated Standalone Summary Statement of Profit and Loss (including other comprehensive income) of the Company for the financial years ended March 31, 2018, 2017 and 2016 under Ind AS, as set out in Annexure A-II and the Restated Standalone Statement of Profit and Loss for the financial years ended March 31, 2015 and 2014 under Indian GAAP, as set out in Annexure B-II ;

(c) The Restated Standalone Statement of Cash Flows of the Company for the financial years ended March 31, 2018, 2017 and 2016 under Ind AS, as set out in Annexure A-III and for the financial years ended March 31, 2013 and 2014 under Indian GAAP, as set out in Annexure B-III ;

(d) The Restated Standalone Statement of Changes in Equity of the Company for the financial years ended March 31, 2018, 2017 and 2016 under Ind AS, as set out in Annexure A-IV; and

(e) The Notes to Restated Standalone information of the Company for the years ended March 31, 2018, 2017 and 2016 under Ind AS, as set out in Annexure A-V and for the years ended March 31, 2013 and 2014 under Indian GAAP, as set out in Annexure B-IV;

(f) The Statement of significant Accounting policies and practices of the Company for the years ended March 31, 2018, 2017 and 2016 under Ind AS, as set out in Notes 1 in Annexure-A-I and for the years ended March 31, 2013 and 2014 under Indian GAAP, as set out in Notes 1 in Annexure B-IV;

6. We have audited the Company's standalone financial statements for the year ended 31 March 2018, for which we have issued an unqualified audit opinion.
The Audit of the Company's standalone financial statements for the years ended 31 March 2017, 31 March 2016, 31 March 2015 and 31 March 2014 was conducted by the predecessor auditors, M/s. C. P. Shah & Co., Chartered Accountants, for which they have issued an unqualified audit opinion and accordingly reliance has been placed on the data used to prepare the Restated Standalone Financial Statement as audited by them.

The Restated Standalone Financial Statement relating to the above - mentioned years:

a. have been made after incorporating adjustments for changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting years;

b. have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate; and

c. do not contain any exceptional items that need to be disclosed separately other than those presented in the Restated Standalone Financial Statement in the respective financial years and do not contain any qualification requiring adjustments.

7. We have also examined the following Restated Standalone Financial Information of the Company as set out in the following Annexures prepared by the Management and approved by the Board of Directors on 10-08-2018 for each of the financial years ended 31 March 2018, 31 March 2017 and 31 March 2016,

(i) Restated Standalone Statement of Significant Accounting Policies and Practices as Enclosed in Note 1 of Annexure A- V;

(ii) Restated Standalone Statement of Property, Plant & Equipment as enclosed in Note 2 of Annexure A- V;

(iii) Restated Standalone Statement of Investments in Subsidiary, Associate and Joint Venture as enclosed in Note 3 of Annexure A- V;

(iv) Restated Standalone Statement of Investments as enclosed in Note 4 of Annexure A-V
(v) Restated Standalone Statement of Loans as enclosed in Note 5 of Annexure A- V;
(vi) Restated Standalone Statement of Other Financial Assets as enclosed in Note 6 of Annexure A- V;
(vii) Restated Standalone Statement of Inventories as enclosed in Note 7 of Annexure A- V;
(viii) Restated Standalone Statement of Trade Receivables as enclosed in Note 8 of Annexure A- V;
(ix) Restated Standalone Statement of Cash and Cash Equivalents as enclosed in Note 9 of Annexure A- V;
(x) Restated Standalone Statement of Equity Share Capital as enclosed in Note 10 of Annexure A- V;
(xi) Restated Standalone Statement of Other Equity as enclosed in Note 11 of Annexure A- V;
(xii) Restated Standalone Statement of Borrowings as enclosed in Note 12 of Annexure A- V;
(xiii) Restated Standalone of Other Financial liabilities as enclosed in Note 13 of Annexure A-V
(xiv) Restated Standalone of Statement of Provisions as enclosed in Note 14 of Annexure A-V
(xv) Restated Standalone Statement of Deferred Tax Asset (Liabilities) as enclosed in Note 15 of Annexure A-V;
(xvi) Restated Standalone Statement of Other Liabilities as enclosed in Note 16 of Annexure A- V;
(xvii) Restated Standalone Statement of Trade Payables as enclosed in Note 17 of Annexure A- V;
(xviii) Restated Standalone Statement of Revenue From Operations as enclosed in Note 18 of Annexure A- V;
(xix) Restated Standalone Statement of Other Income as enclosed in Note 19 of Annexure A- V;
(xx) Restated Standalone Statement of Cost of Material Consumed as enclosed in Note 20 of Annexure A- V;
(xxi) Restated Standalone Statement of Changes in Inventories of Finished Goods & Work-In-Progress as enclosed in Note 21 of Annexure A- V;
(xxii) Restated Standalone Statement of Employee Benefits Expense as enclosed in Note 22 of Annexure A- V;
(xxiii) Restated Standalone Statement of Finance Costs as enclosed in Note 23 of Annexure A- V;
(xxiv) Restated Standalone Statement of Other Expenses, as enclosed in Note 24 of Annexure A- V
(xxv) Restated Standalone Statement of Contingent Liabilities and Commitment as enclosed in Note 25 of Annexure A- V
(xxvi) Restated Standalone Statement of Deferred Tax Asset/(Liability) as enclosed in Note 26 of Annexure A-V
(xxvii) Restated Standalone Statement of Fair Value Measurement as enclosed in Note 27 of Annexure A- V
(xxviii) Restated Standalone Statement of Related party Disclosures as enclosed in Note 28 of Annexure A-V
(xxix) Restated Standalone Statement of Explanation of transition to Ind AS as enclosed in Note 29 of Annexure A- V
(xxx) Summary Statement of Adjustments to the Restated Standalone Financial Statement enclosed in Annexure A- VI;
(xxxi) Restated Standalone Statement of Dividend Paid, as enclosed in Annexure A VII;
(xxxii) Restated Standalone Statement of Accounting Ratios, as enclosed in Annexure A VIII;

8. We have also examined the following Restated Standalone Financial Statement of the Company as set out in the following Annexures prepared by the Management and approved by the Board of Directors on 10-08-2018 for each of the financial years ended 31 March 2015 and 31 March 2014.

(i) Basis of preparation and significant accounting policies as enclosed in of Annexure B IV;
(ii) Restated Standalone Statement of Share Capital as enclosed in Note 1 of Annexure B IV;
(iii) Restated Standalone Statement of Reserves & Surplus as enclosed in Note 2 of Annexure B IV;
(iv) Restated Standalone Statement of Long-term Borrowings as enclosed in Note 3 of Annexure B IV;
(v) Restated Standalone Statement of Deferred Tax Liabilities (Net) as enclosed in Note 4 of Annexure B IV;

(vi) Restated Standalone Statement of Other Long-term Liabilities as enclosed in Note 5 of Annexure B IV;

(vii) Restated Standalone Statement of Long-term Provisions as enclosed in Note 6 of Annexure B IV;
(viii) Restated Standalone Statement of Short-term Borrowings as enclosed in Note 7 of Annexure B IV;
(ix) Restated Standalone Statement of Trade Payables as enclosed in Note 8 of Annexure B IV;
(x) Restated Standalone Statement of Other Current Liabilities as enclosed in Note 9 of Annexure B IV ;
(xi) Restated Standalone Statement of Short-term Provisions as enclosed in Note 10 of Annexure B IV;
(xii) Restated Standalone Statement of Fixed Assets and Depreciation as enclosed in Note 11 of Annexure B IV;
(xiii) Restated Standalone Statement of Non-current Investments as enclosed in Note 12 of Annexure B IV;
(xiv) Restated Standalone Statement of Long-term Loans & Advances as enclosed in Note 13 of Annexure B IV;
(xv) Restated Standalone Statement of Current Assets as enclosed in Note 14 of Annexure B IV;
(xvi) Restated Standalone Statement of Inventories as enclosed in Note 15 of Annexure B IV;
(xvii) Restated Standalone Statement of Trade Receivables as enclosed in Note 16 of Annexure B IV;
(xviii) Restated Standalone Statement of Cash and Bank Balances as enclosed in Note 17 of Annexure B IV;
(xix) Restated Standalone Statement of Short-term Loans & Advances as enclosed in Note 18 of Annexure B IV;
(xx) Restated Standalone Statement of Revenue From Operations as enclosed in Note 19 of Annexure B IV;
(xxi) Restated Standalone Statement of Other Income as enclosed in Note 20 of Annexure B IV;
(xxii) Restated Standalone Statement of Material Consumed as enclosed in Note 21 of Annexure B IV;
(xxiii) Restated Standalone Statement of Changes in Inventory of Finished Goods as enclosed in Note 22 of Annexure B IV;
(xxiv) Restated Standalone Statement of Employee Benefits Expense as enclosed in Note 23 of Annexure B IV;
(xxv) Restated Standalone Statement of Finance Costs as enclosed in Note 24 of Annexure B IV;
(xxvi) Restated Standalone Statement of Other Expenses, as enclosed in Note 25 of Annexure B IV;
(xxvii) Restated Standalone Statement of Other Significant Notes to the Restated Financial Statements, as enclosed in Note 26 to Note 38 of Annexure B IV;
(xxviii) Summary Statement of Adjustments to the Restated Standalone Financial Statement enclosed in Annexure B V;
(xxix) Restated Standalone Statement of Dividend Paid, as enclosed in Annexure B VI;
(xxx) Restated Standalone Statement of Accounting Ratios, as enclosed in Annexure B VII;

9. Opinion

In our opinion:

a. the Restated Standalone Financial Information of the Company, as attached to this report and read with the Ind-AS and Indian GAAP basis of preparation and the respective Ind-AS and Indian GAAP significant accounting policies, have been prepared in accordance with the Act, the Guidance Note and the ICDR Regulations;
b. adjustments have been made with retrospective effect in respect of changes in the Ind-AS accounting policies of the Company to reflect the same accounting treatment as per the accounting policies as at March 31, 2018;
c. adjustments have been made with retrospective effect in respect of changes in the Indian GAAP accounting policies of the Company to reflect the same accounting treatment as per the accounting policies as at and for the year ended March 31, 2015;

d. the material adjustments relating to previous financial years have been adjusted in the financial years to which they relate;
e. there are no qualifications in the auditors' reports which require any adjustments;
f. there are no extra-ordinary items which need to be disclosed separately.

10. We have complied with relevant applicable requirements of the standards on Quality Control (SQC 1), Quality control for firms that perform Audits and Reviews of Historical Financial Statement and other Assurance and Related Services Engagements.

11. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us or by other firms of Chartered Accountants, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

13. Our report is intended solely for use of the Management and for inclusion in the offer document to be filed with Securities and Exchange Board of India, relevant Stock Exchanges where the equity shares are proposed to be listed and the relevant Registrar of Companies in India, in connection with the Offer. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

Sd/-

For, Pankaj R. Shah & Associates
Chartered Accountants
FRNo:107361W

CA Nilesh Shah
Designated Partner
Membership No:107414
Date: 10-08-2018
Place: Ahmedabad

HARSHA ENGINEERS LIMITED

Annexure A-I : Restated Standalone Statement Of Assets And Liabilities

(Rs. In Millions)

Particulars	Notes	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
ASSETS				
Non-current assets				
Property, plant and equipment	2	1,063.38	1,026.19	1,091.33
Intangible assets	2	3.69	2.32	4.68
Capital Work-in-progress	2	9.84	13.95	2.06
Investment in subsidiary, associate and joint venture	3	918.75	918.75	979.64
Financial assets				
Loans	5	964.03	619.32	675.24
Total non-current assets		**2,959.71**	**2,580.54**	**2,752.94**
Current assets				
Inventories	7	1,228.96	1,059.80	924.89
Financial assets				
Investments	4	-	130.24	-
Trade receivables	8	1,136.08	731.66	649.39
Cash and cash equivalents	9	139.10	323.26	164.36
Loans & Advances	5	332.98	197.50	184.30
Other financial assets	6	79.33	81.73	65.95
Total current assets		**2,916.46**	**2,524.18**	**1,988.89**
TOTAL ASSETS		**5,876.17**	**5,104.73**	**4,741.83**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	10	120.41	120.41	120.41
Other equity	11	2,977.01	2,371.23	2,044.35
Total Equity		**3,097.42**	**2,491.64**	**2,164.76**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	12	431.50	614.57	836.27
Provisions	14	41.39	37.27	40.86
Deferred tax liabilities (Net)	15	66.34	13.82	30.62
Other non-current liabilities	16	15.58	13.13	12.06
Total non-current liabilities		**554.82**	**678.79**	**919.81**
Current Liabilities				
Financial liabilities				
Borrowings	12	980.13	1,114.64	980.80
Trade payables	17	831.92	462.89	355.48
Other Financial laibilities	13	11.36	1.37	6.63
Provisions	14	(3.17)	3.56	26.77
Other current liabilities	16	403.67	351.83	287.58
Total current liabilities		**2,223.91**	**1,934.29**	**1,657.26**
Total Liabilities		**2,778.73**	**2,613.08**	**2,577.07**
TOTAL EQUITY AND LIABILITIES		**5,876.17**	**5,104.73**	**4,741.83**
Significant Accounting Policies	1			

The above statement should be read with the Company Overview and Significant Accounting Policies appearing in Annexure A-V, Notes to the Restated Standalone Financial Information appearing in Annexure A-V, Statement of Adjustmets to Audited Standalone Financial Statements appearing in Annexure A-VI, Restated Standalone Statement of Dividend Paid appearing in Annexure A-VII, and Restated Standalone Statement of Accounting Ratios appearing in Annexure A-VIII.

As per our report of even date attached

For Pankaj R. Shah & Associates
Chartered Accountants
FRN No.: 107361W

Sd/-

CA Nilesh Shah
Designated Partner
M. No. : 107414

Date : 10-08-2018
Place : Ahmedabad

For and on behalf of the Board of Directors
(CIN : U29259GJ1986PLC008520)

Sd/-
Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-
Harish Rangwala
Managing Director
DIN: 00278062

Sd/-
Pilak Shah
Whole-time director and CFO

Sd/-
Kiran Mohanty
Chief Compliance Officer & CS

Date : 10-08-2018
Place : Ahmedabad

HARSHA ENGINEERS LIMITED

Annexure A - II : Restated Standalone Statement Of Profit And Loss

(Rs. In Millions)

Particulars	Notes	For the year ended 31st March, 2018 (Ind AS)	For the year ended 31st March, 2017 (Ind AS)	For the year ended 31st March, 2016 (Proforma Ind AS)
INCOME				
Revenue from operations	18	5,073.16	3,557.69	3,294.30
Other income	19	415.74	157.58	213.44
TOTAL INCOME (A)		**5,488.89**	**3,715.26**	**3,507.74**
EXPENSES				
Cost of materials consumed	20	2,649.79	1,700.68	1,515.03
Change In Inventories Of Finished Goods & Work-In-Progress	21	(139.48)	(108.09)	(11.61)
Employee benefits expenses	22	624.83	524.71	486.83
Finance costs	23	147.51	178.56	117.98
Depreciation and amortization expenses	2	122.33	133.48	163.99
Other expenses	24	1,141.15	824.77	828.72
TOTAL EXPENSES (B)		**4,546.12**	**3,254.12**	**3,100.95**
Profit/ (loss) before tax (A-B)		**942.77**	**461.15**	**406.79**
Tax expense				
Current Tax		280.75	150.30	119.10
Deferred Tax	26	53.82	(16.53)	(15.12)
MAT credit entitlement		-	-	
Profit/ (loss) after tax for the period (C)		**608.20**	**327.38**	**302.81**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Changes in fair value of FVTOCI equity instruments		(0.24)	0.24	-
Remeasurement of post-employment benefit obligations		(3.48)	(1.00)	(1.52)
Income tax relating to these items		1.30	0.26	0.53
Other comprehensive income for the period, net of tax (D)		**(2.42)**	**(0.50)**	**(0.99)**
Total Comprehensive Income for the Period (C+D)		**605.78**	**326.88**	**301.81**
Earning per equity share (EPS) for profit for the period (face value of Rs.10/-)	Annexure A- VII			
*Adjusted EPS is worked out after considering bonus issue.				
Adjusted* Basic (Rs.)		25.25	13.59	12.57
Adjusted* Diluted (Rs.)		25.25	13.59	12.57
Significant Accounting Policies	1			

The above statement should be read with the Company Overview and Significant Accounting Policies appearing in Annexure A-V, Notes to the Restated Standalone Financial Information appearing in Annexure A-V, Statement of Adjustmets to Audited Standalone Financial Statements appearing in Annexure A-VI, Restated Standalone Statement of Dividend Paid appearing in Annexure A-VII, and Restated Standalone Statement of Accounting Ratios appearing in Annexure A-VIII.

As per our report of even date attached

For Pankaj R. Shah & Associates
Chartered Accountants
FRN No.: 107361W

Sd/-
____
CA Nilesh Shah
Designated Partner
M. No. : 107414

Date : 10-08-2018
Place : Ahmedabad

For and on behalf of the Board of Directors
(CIN : U29259GJ1986PLC008520)

Sd/-
____
Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-
____
Harish Rangwala
Managing Director
DIN: 00278062

Sd/-
____
Pilak Shah
Whole-time director and CFO

Sd/-
____
Kiran Mohanty
Chief Compliance Officer & CS

Date : 10-08-2018
Place : Ahmedabad

HARSHA ENGINEERS LIMITED

Annexure A - III : Restated Standalone Statement Of Cash Flows

(Rs. In Millions)

Particulars	For the year ended 31st March, 2018 (Ind AS)	For the year ended 31st March, 2017 (Ind AS)	For the year ended 31st March, 2016 (Proforma Ind AS)
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax as per statement of profit and loss	942.77	461.15	406.78
Adjustments for:			
Current Tax	(3.60)	(26.77)	846.58
Depreciation, Amortisation, Depletion & Impairment	122.33	133.48	163.99
Exchange Rate Fluctuation & Provision for employee benefit			
Due to IND AS Adjustments			(72.46)
Interest Income	(45.66)	(33.89)	(24.65)
Dividend Income	-	-	-
Interest Expenses	147.51	178.56	117.98
Gain / Loss on Sale of Investment	(3.67)	17.13	(23.29)
(Profit)/Loss on sale of Assets	1.46	(7.89)	1.07
Operating Profit before working capital changes	1,161.13	721.77	1,416.01
Adjustments for changes in Working Capital			
Inventories	(169.17)	(134.90)	56.07
Trade Receivables	(404.42)	(82.27)	6.99
Loan and Advances	(135.48)	(13.20)	(25.11)
Other Financial Assets	2.40	(15.78)	(66.95)
Other Financial Liabilities	9.99	(5.27)	6.63
Other Current Liabilities	51.84	64.25	(0.45)
Trade payables	369.03	107.42	(19.33)
Net employee benefit Liabilities	0.64	(4.58)	11.81
Cash Generated from Operations	885.96	637.43	1,385.68
Taxes (paid)/ refund	(283.88)	(146.74)	(1,045.84)
Net Cash Flow from Operating Activities (A)	602.08	490.69	339.84
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	(158.23)	(70.00)	(68.63)
Investment in Mutual Funds	133.67	(147.13)	30.85
Loan and advances	(344.72)	55.92	(592.74)
Interest Income	45.66	33.89	24.65
Other Non-Current Liabilities	2.46	1.07	(0.94)
Net Cash Flow from Investing Activities (B)	(321.16)	(126.25)	(606.80)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceed from Sales of Investment in Subsidiaries	-	60.88	(305.09)
Finance cost	(147.51)	(178.56)	(117.98)
Availment/(Repayment) of Loans	(317.57)	(87.87)	687.13
Net Cash Flow from Financing Activities (C)	(465.08)	(205.54)	264.06
Net Increase/(Decrease) in Cash and Cash equivalents (D) (A+B+C)	(184.16)	158.90	(2.90)

Particulars	For the year ended 31st March, 2018 (Ind AS)	For the year ended 31st March, 2017 (Ind AS)	For the year ended 31st March, 2016 (Proforma Ind AS)
Cash and Cash equivalents at the Beginning of the Year			
Cash on hand	1.12	0.97	0.54
Balances with banks		-	-
In current accounts	120.45	10.58	19.61
In Fixed Deposit accounts	201.68	152.82	146.94
	323.26	**164.36**	**167.10**
Cash and Cash equivalents at the End of the Year			
Cash on hand	0.57	1.12	0.97
Balances with banks			-
In current accounts	3.68	120.45	10.58
In Fixed Deposit accounts	134.85	201.68	152.82
	139.10	**323.26**	**164.36**

The above Restated Standalone Cash Flow Statement has been prepared under the Indirect Method as set out in "Indian Accounting Standard 7 Cash Flow Statement notified under Section 133 of Companies Act, 2013 ('Act') read with Rule 4 of the Companies (Indian Accounting standards) Rules 2015 and the relevant provisions of the Act.

The above statement should be read with the Company Overview and Significant Accounting Policies appearing in Annexure A-V, Notes to the Restated Standalone Financial Information appearing in Annexure A-V, Statement of Adjustmets to Audited Standalone Financial Statements appearing in Annexure A-VI, Restated Standalone Statement of Dividend Paid appearing in Annexure A-VII, and Restated Standalone Statement of Accounting Ratios appearing in Annexure A-VIII.

For Pankaj R. Shah & Associates
Chartered Accountants
FRN No.: 107361W

Sd/-

CA Nilesh Shah
Designated Partner
M. No. : 107414

Date : 10-08-2018
Place : Ahmedabad

For and on behalf of the Board of Directors
(CIN : U29259GJ1986PLC008520)

Sd/-	Sd/-
Rajendra Shah	**Harish Rangwala**
Wholetime director & CEO	Managing Director
DIN: 00061922	DIN: 00278062
Sd/-	Sd/-
Pilak Shah	**Kiran Mohanty**
Whole-time director and CFO	Chief Compliance Officer & CS

Date : 10-08-2018
Place : Ahmedabad

HARSHA ENGINEERS LIMITED

Annexure A - IV : Restated Standalone Statement Of Changes In Equity

(Rs. In Millions)

A. Equity Share Capital

Particulars	No. of Shares	Amount
Issued, subscribed and paid up share capital		
Equity Shares of Rs. 10/- each fully paid up		
As at 1st April 2016	**12,041,400**	**120.41**
Equity shares issued during the year	-	-
As at 31st March 2017	**12,041,400**	**120.41**
Changes in equity share capital	-	-
As at 31st March 2018	**12,041,400**	**120.41**

B. Other equity

Particulars	Reserves & Surplus		Share Pending money Allotment	Other Comprehensive Income	Total Equity
	General reserve	Retained earnings			
Balance at April 1, 2015 (Proforma Ind AS)	**351.16**	**1,489.55**	**-**	**-**	**1,840.71**
Changes in accounting policy / prior period errors		(25.71)			
Restated balance at the beginning of the reporting period	**351.16**	**1,463.84**			**1,815.00**
Profit for the year		302.81			**302.81**
Other comprehensive income for the year				(0.99)	**(0.99)**
Total comprehensive income for the year	**351.16**	**1,766.65**		**(0.99)**	**2,116.81**
Addition during the year	-				**-**
Interim Dividend	-	(60.21)			**(60.21)**
Tax On Interim Dividend	-	(12.26)			**(12.26)**
Deffered Tax On IND AS Adjustments	-	-			**-**
Any Other Change	-	-			**-**
Balance at March 31, 2016 (Proforma Ind AS)	**351.16**	**1,694.18**	**-**	**(0.99)**	**2,044.35**
Changes in accounting policy / prior period errors	-			-	-
Changes in accounting policy / prior period errors					-
Restated balance at the beginning of the reporting period	**351.16**	**1,694.18**	**-**	**(0.99)**	**2,044.35**
Profit for the year	-	327.38			327.38
Other comprehensive income for the year	-	-		(0.50)	(0.50)
Total comprehensive income for the year	**351.16**	**2,021.56**	**-**	**(1.49)**	**2,371.23**
Addition during the year	-	-		-	-
Utilisation during the year				-	-
Any Other Change	-	-			-
Balance at March 31, 2017	**351.16**	**2,021.56**	**-**	**(1.49)**	**2,371.23**
Changes in accounting policy / prior period errors	-	-		-	-
Restated balance at the beginning of the reporting period	**351.16**	**2,021.56**	**-**	**(1.49)**	**2,371.23**
Profit for the year	-	608.20		-	608.20
Other comprehensive income for the year	-	-		(2.42)	(2.42)
Total comprehensive income for the year	**351.16**	**2,629.76**	**-**	**(3.91)**	**2,977.01**
Issue of Equity Shares	-	-		-	-
Utilisation during the year					-
Any Other Change	-	-		-	-
Balance at March 31, 2018	**351.16**	**2,629.76**	**-**	**(3.91)**	**2,977.01**

Reconciliation of Equity

Particulars	Amount in Rs.
Balance at the beginning as per IGAAP as on 01-04-2015	**1,463.84**
Add: Revenue Recognition	15.40
Interest On Inventory	10.31
Balance at the beginning as per IND AS as on 01-04-2015 (Proforma Ind AS)	**1,489.55**

The above statement should be read with the Company Overview and Significant Accounting Policies appearing in Annexure A-V, Notes to the Restated Standalone Financial Information appearing in Annexure A-V, Statement of Adjustmets to Audited Standalone Financial Statements appearing in Annexure A-VI, Restated Standalone Statement of Dividend Paid appearing in Annexure A-VII, and Restated Standalone Statement of Accounting Ratios appearing in Annexure A-VIII.

For Pankaj R. Shah & Associates
Chartered Accountants
FRN No.: 107361W

Sd/-

CA Nilesh Shah
Designated Partner
M. No. : 107414
Date : 10-08-2018
Place : Ahmedabad

For and on behalf of the Board of Directors
(CIN : U29259GJ1986PLC008520)

Sd/-

Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-

Harish Rangwala
Managing Director
DIN: 00278062

Sd/-

Pilak Shah
Whole-time director and CFO

Sd/-

Kiran Mohanty
Chief Compliance Officer & CS

Date : 10-08-2018
Place : Ahmedabad

HARSHA ENGINEERS LIMITED

Annexure A - V : Notes To Restated Standalone Financial Information

Note 1 Statement of significant Accounting policies and practices

A. General Information

Harsha Engineers expresses itself as a core engineering company which consistently focuses on continuous learning and experience to produce world class products. Since its inception in 1972, Harsha has leveraged continuous customer engagement to embed world class manufacturing practices thriving on an ecosystem of precision engineering.

From an early start as the manufacturer of taper roller bearing cages, the company runs multiple manufacturing bays for brass, steel, and polyamide cages as well a capability to deliver stamping components primarily for the automotive sector. Using manufacturing flexibility and cost competitiveness as its biggest strengths, Harsha has created an emphatic global footprint while adhering to key compliances for manufacturing and environmental standards.

B. Significant Accounting policies

B.1. Statement of compliance with Ind AS

The Restated Standalone Statement of Assets and Liabilities of the Harsha Engineers Limited as at March 31, 2018, March 31, 2017, and March 31, 2016 and related the Restated Standalone Summary Statement of Profit and Loss.

Restated Standalone Summary Statement of Cash Flow for the year ended as at March 31, 2018, March 31, 2017, and March 31, 2016 (hereinafter collectively referred to as "Restated Standalone Financial Information") 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 proposed Initial Public Offering through Offer for Sale(IPO) of its equity shares.

These Restated Standalone financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 notified under Section 133 of Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

These Restated Standalone Financial Information have been prepared to comply in all material respects with the requirements of Part I of Chapter III to the Companies Act, 2013 on Prospectus and Allotment of Securities and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (" the SEBI Regulations") as amended from time to time.

The Company has adopted all the relevant Ind AS and the adoption was carried out in accordance with Ind AS 101, "First Time Adoption of Indian Accounting Standards". The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliation and description of the effect of the transition have been summarized **in Note 29.**

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles.

The Standalone Proforma Financial Information of the Company as at and for the year ended March 31, 2016, is prepared in accordance with requirements of SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/4 dated March 31, 2016 ("SEBI Circular"). As envisaged by the SEBI Circular, the Company has followed the same accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) as initially adopted on its Ind AS transition date (i.e. April 1,2016) while preparing proforma financial information for the FY 2015-16 and accordingly suitable restatement adjustments in the accounting heads have been made in the proforma financial information. This proforma Ind AS financial information have been prepared by making Ind AS adjustments to the audited Indian GAAP financial statements as at and for the year ended March 31, 2016.

B.2. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the functional currency. All the amounts have been rounded off to the nearest lacs, unless otherwise indicated.

B.3. Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following items:

ITEMS	MEASUREMENT BASIS
1) Investments in Mutual Funds	Fair value
2) Employee Defined Benefit Plans	Plan Assets measured at fair value less present value of
3) Certain Financial Assets & Liabilities (Including Derivative Instruments)	Fair value

B.4. Use of Estimates and Judgements

In preparing these financial statements, management has made judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from these estimates.

Estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. They are based on historical experience and other factors including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Revisions to the accounting estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the respective note.

Assumptions and Estimation Uncertainties:

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the respective note.

B.5. Measurement of Fair Values

The Company has established control framework with respect to the measurement of fair values. The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Company assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation

Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e derived from prices).

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the respective note.

C. Significant Accounting policies

C.1. Foreign Currency

Transactions in foreign currencies are translated into the functional currency of the Company at exchange rates at the date of transactions or an average rate if the average rate approximates the actual rate at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in foreign currency are translated at the exchange rate at the date of transaction. Exchange differences are recognised in the profit or loss, except exchange differences arising from the translation of qualifying cash flow hedges to the extent hedges are effective which are recognised in Other Comprehensive Income (OCI).

EARNING IN FOREIGN CURRENCY :

(Rs. In Millions)

Particulars	2017-18	2016-17
Export earnings		
Export Realisation	2,552.89	1,910.22
Repatriation of loan from Harsha BV	53.35	-
FCNR Loan Availed	-	67.90
TOTAL	**2,606.24**	**1,978.12**

FOREIGN CURRENCY OUTGO:

(Rs. In Millions)

Particulars	2017-18	2016-17
Towards Import	106.20	35.57
Towards Foreign payment	52.27	29.08
Loan To Subsidiaries	253.82	40.68
Foreign Currency out flow towards foreign travelling	1.13	1.73
Towards ECB Installment	44.79	31.07
Towards ECB Interest	3.90	4.81

Towards int on FCNR	2.47	3.40
Towards FCNR Loan Repay	63.66	68.11
TOTAL	**528.24**	**214.45**

* Normal Preshipment/postshipment finance not considered in the above.

C.2. Financial Instruments

1. Financial Assets

i) Classification

The Company classifies its financial assets in the following measurement categories:

• Those measured at amortized cost and

• Those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss)

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

• A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL :

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of a financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

• Financial assets are not reclassified subsequent to their initial recognition except if and in the period the Company changes its business model for managing financial assets.

ii) Measurement

At initial recognition, the Company measures a financial asset when it becomes a party to the contractual provisions of the instruments and measures at its fair value except trade receivables which are initially measured at transaction price. Transaction costs are incremental costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. A regular way purchase and sale of financial assets are accounted for at trade date.

iii) Subsequent Measurement and Gains and Losses

-Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains including any interest or dividend income, are recognized in profit or loss.

-Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

iv) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

2. Financial Liabilities

i) Classification, Subsequent Measurement and Gains and Losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

ii) Derecognition

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the profit or loss.

3. Offsetting

Financial assets and financial liabilities are off set and the net amount presented in the Balance Sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4. Investment in Subsidiaries

Investment in subsidiaries is carried at cost in the separate financial statementsunless there is permanent diminution in value as at the date of the Balance sheet.

D. Derivative Instruments and Hedge Accounting

The Company strictly uses foreign currency forward contracts/interest rate swap to hedge its risks associated with foreign currency/interest rate fluctuations relating to certain forecasted transactions. As per Ind AS 109-Financial Instruments- Foreign currency forward contract/interest rate swap derivative instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges are treated as Fair Value Through Profit and Loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

Foreign Currency exposure at the year end not hedged by derivative instruments :

(Rs. In Millions)

Particulars	31st March,2018	31st March,2017	31st March,2016
Outstanding Foreign Receivables(Including Loans)			
- Receivable in USD	3,262,409	3,637,119	3,342,069
- Receivable in Eur	11,718,348	9,744,278	2,071,407
- Receivable in CNY	5,997,792	2,990,620	1,014,365
- Receivable in JPY	11,700,000		
- Receivable in GBP	33,296		
Equivalent Rupee In Millions (FEDAI rate considered)	**1,232**	**939**	**388**
Outstanding Foreign Payables (Including Loans)			
- Payable in USD	516,755	2,334,474	2,712,278
- Payable in Eur	-	5,294	24,433
- Payable in SEK	79,108	98,254	108,849
- Payable in CNY	68,810	-	-
- Payable in CHF	-	-	-
Equivalent Rupee In Millions (FEDAI rate considered)	**35**	**152**	**182**

E. Property, Plant and Equipment

i. Recognition and Measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation, and accumulated impairment losses, if any, except freehold land which is carried at historical cost.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and nonrefundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Useful lives have been determined in accordance with Schedule II to the Companies Act, 2013. The residual values are not more than 5% of the original cost of the asset.

Capital Work-in-progress includes cost of assets at sites and constructions expenditure.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1st April, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

iii. Subsequent Expenditure
Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iv. Depreciation/Amortisation
Depreciation is calculated on cost of items of property, plant and equipment (other than freehold land and properties under construction) less their estimated residual values over their estimated useful lives using the straight-line method and is generally recognised in the statement of profit and loss. Amortization on leasehold land is provided over the period of lease.
Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives best represent the period over which management expects to use these assets.
Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed of).

v. Derecognition
An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of assets.

F. Intangible Assets

i. Initial Recognition and Classification
Goodwill is not amortised. It is tested annually for impairment.
Other intangible assets including those acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent Expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in profit or loss as incurred.

iii. Transition to Ind AS
On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1st April, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

iv. Amortisation
Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over the estimated useful lives using the straight line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

The estimated useful lives of software are **6 years**. Goodwill is not amortized and is tested for impairment annually.
Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

v. Derecognition
An item of an intangible asset is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of assets.

G. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work-in-progress is valued at actual cost of production.
Cost of raw materials, stores and spares are determined on weighted average basis.
Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.
The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.
Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.
The comparison of cost and net realisable value is made on an item-by-item basis.
Excess/shortages if any, arising on physical verification are absorbed in the respective consumption accounts.

H. Impairment

i. Impairment of Financial Assets

The Company recognizes loss allowances for financial assets measured at amortized cost using expected credit loss model.
At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
For trade receivables, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.
For all other financial assets, the Company measures loss allowances at an amount equal to twelve months expected credit losses unless there has been a significant increase in credit risk from initial recognition in which those are measured at lifetime expected credit risk.
Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial asset. Twelve months expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the twelve months after the reporting date (or a shorter period if the expected life of the instrument is less than twelve months).
When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.
The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 360 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full.

Measurement of Expected Credit Losses
Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).
Presentation of Allowance for Expected Credit Losses in the Balance Sheet Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.
Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines (on the basis of availability of the information) that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.
ii. Impairment of Non-Financial Assets
The Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.
An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss.
In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

I. Employee Benefits
i. Short Term Employee Benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

ii. Defined Contribution Plan
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.
Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

iii. Defined Benefit Plan
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount using market yields at the end of reporting period on government bonds and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the Asset Ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates topast service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediatelyin profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

J. Provisions (other than Employee Benefits), Contingent Liabilities and

A provision is recognized when the Company has a present legal obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized but are disclosed in the notes to the financial statements. A contingent asset is neither recognized nor disclosed if inflow of economic benefit is probable.

K. Revenue Recognition

i. Sale of Goods:

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

The timing of transfers of risks and rewards varies depending on the individual terms of sale, usually in case of domestic, such transfer occurs when the product is sold on ex-works; however, for exports transfer occurs upon loading the goods onto the relevant carrier at the port of seller. Generally for such products buyer has no right to return.

ii. Export Benefits

Export benefits are recognised as income on all the eligible exports and where there is no significant uncertainty regarding the ultimate collection of relevant exports.Export incentives under the "Duty Entitlement Pass Book Scheme"(DEPB), "Duty draw back"(DDB), "Focus Product Scheme" (FPS),"Focus Market Scheme" (FMS)"Market Linked Focus Product Scheme" (MLFPS), "Status Holder Incentive Scrip" (SHIS) are accounted in the year of export.

L. Recognition of Dividend Income, Interest Income

Dividend on financial instruments is recognized as and when realized. Interest is recognized on accrual basis.

M. Income Tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date. Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets - unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.
The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.
Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on net basis or their tax assests and liabilities will be realised simultaneously.

N. Cash and Cash Equivalents
Cash and cash equivalents include cash and cheques in hand, bank balances, demand deposits with banks and other short term highly liquid investments that are readily convertible to know amounts of cash and which are subject to an insignificant risk of changes in value where original maturity is three months or less.

O. Borrowing Cost
Borrowing cost are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of cost of asset until such time the assets are substantially ready for their intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

P. Earnings Per Share
Basic earnings per share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is calculated by dividing net profit attributable to equity shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year plus potential equity shares.

Q. Statement of Cash Flow
Cash flows are reported using the indirect method whereby the profit before tax is adjusted for the effect of the transactions of a non cash nature, any deferrals or accruals of past and future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

R. Segment Reporting
In terms of Ind AS-108 on “Operating Segments ” the company neither has more than one business segment nor more than one geographical segment requiring separate disclosures as there are no more distinguishable component or economic environments of the enterprise engaged in providing individual product or service or a group of related products or services and the same are not subjected to different risks and returns either of business or geographical segments.

S. Leases
The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1st April 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition. However, lease classification is determined at the inception of lease.

Lease accounting
As a lessee
Finance lease

At the commencement of the lease term, the Company recognizes finance leases as assets and liabilities in its balance sheet at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. The discount rate used in calculating the present value is the interest rate implicit in the lease or the Company's incremental borrowing rate. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

Operating lease

Lease payments under an operating lease are recognized as an expenses on a straight-line basis over the lease term unless either:

A. another systematic basis is more representative of the time pattern of the user's benefit; or
B. the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Finance lease

Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Operating lease

Lease income from operating lease (excluding amount for services such as insurance and maintenance) is recognized in the statement of profit or loss on a straight-line basis over the lease term, unless either:
A. another systematic basis is more representative of the time pattern of the user's benefit; or
B. the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Disclosure in respect of assets taken on lease:

I. The Company has not taken any asset being in the nature of finance lease. The Company has acquired land on operating lease for the purpose of installation of windmill in the year 2004 and the details are as under.

Date of lease agreement	21st September 2004
Period of lease agreement	Fifteen Years
Total leasehold land	9.35 hectare
Lease rental p.a.	Rs. 11,000/- per hectare p. a.
Total lease rental	Rs. 102,850/-

The Company has recognized Rs. 118,278/- as lease rent (with Service Tax) expenses during the year for the aforesaid operating lease.

II. The Company has acquired various cars on operating lease for senior executives of the company and the details are as under.

Period of lease agreement	Five Years
Total leasehold Cars	34 Nos.
Total lease rental & Fleet Management Charges (with tax)	Rs. 72,32,179/-

B. Disclosure in respect of assets given on lease:

Operating Lease

The Company has leased a portion of its corporate office and the factory premises to Harsha Abakus Solar Private Limited, its subsidiary company. The leased properties are situated at Changodar and Moraiya Location of the Company. The details of the Lease are as under:

Date of lease agreement	1st April, 2017	1st April, 2016
Period of lease agreement	One Year	One Year
Total leasehold Property	836.5 Sq. mtr. in the Corporate Office at Changodar and 218 sq. mts. in Moraiya Plant, at Moraiya	430 Sq. mtr. in the Corporate Office at Changodar and 218 sq. mts. in Moraiya Plant, at Moraiya

Lease rental p.a.	Rs.28,08,924/- per annum for the lease property in Corporate Office at Changodar and Rs. 3,06,996/- per annum for the leased property in Moraiya Plant at Moraiya.	Rs.14,43,816/- per annum for the lease property in Corporate Office at Changodar and Rs. 3,07,008/- per annum for the leased property in Moraiya Plant at Moraiya.
Total lease rental	Rs. 31,15,920/- per annum	Rs. 17,50,824/- per annum

The Company has recognized Rs. 17,50,824/- as lease rent income during the year for the aforesaid operating lease. Further details as required under the Indian Accounting Standard – 17 "Accounting for Leases" are not separately identifiable from the total details of the assets.

The Company has recognized Rs. 31,15,920/- as lease rent income during the year for the aforesaid operating lease. Further details as required under theIndian Accounting Standard – 17 "Accounting for Leases" are not separately identifiable from the total details of the assets.

T. Research And Development

Since various years in past, the Company has been carrying on various activities such as design, development, engineering, cost reduction and various similar activities which are, partly or fully falling in the nature of research and development activities. The company has not classified various capital and revenue expenditure related to the research and development activities separately in the audited books of account. However the detailed information is available separately for any such reference.

U. Provisions, contingent liabilities and contingent assets

Provisions are recognised at present value when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of PPE. The cash flows are discounted at a current pre-tax rate that reflects the risk specific to the decommissioning liability. The unwinding of discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Contingent liabilities are not provided for, if material, are disclosed by way of notes to accounts. Contingent assets are not recognised in financial statements. However, the same is disclosed, where an inflow of economic benefit is probable.

(Rs. In Millions)

Particulars	**2017-18**	**2016-17**
(i) Letter of Credit / Letter of comfort/ Stand By Letter of Credit (SBLC) & Bank Guarantee (Outstanding)	1012.70	951.85
(ii) Corporate guarantee for Harsha Abakus Solar Pvt. Ltd in favor of HDFC Bank Ltd	60.15	147.19

V. Events occurring after the Reporting Date

Adjusting events (that provides evidence of condition that existed at the balance sheet date) occurring after the balance sheet date are recognized in the financial statements. Material non adjusting events (that are inductive of conditions that arose subsequent to the balance sheet date) occurring after the balance sheet date that represents material change and commitments affecting the financial position are disclosed in the Director's Report.

The Company has declared dividend of Rs. 5/- per equity share amounting to Rs 602.07 Lakhs and dividend distribution tax of Rs. 123.79 Lakhs thereto for the year ended 31st March, 2018.

W. Management represents that, based on information available, the Company has not been informed by any supplier of being covered under the micro, small and medium Enterprises Development Act 2006. As a result, no interest provision or payment have been made

X. Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for Rs. 1586.20 lakhs.

Y. Previous year's figures have been regrouped / reclassified to make them comparable with those of the current year, wherever necessary..

HARSHA ENGINEERS LIMITED

Notes to Restated Standalone Financial Information

Note : 2 Property, Plant & Equipment

For the year 2017-18 **(Rs. In Million)**

Particulars	Gross Block				Depreciation and Amortization				Net Block	
	As at 1st April 2017	Addition during the year	Disposal/ Adjustment	As at 31st March 2018	As at 1st April 2017	For the year	Disposal/ Adjustment	As at 31st March 2018	As at 31st March 2018	As at 31st March 2017
Solar Machinery	153.10	-	-	153.10	34.78	5.60	-	40.38	112.73	118.32
Laboratory Equipment	36.25	6.59	-	42.84	14.17	3.78	-	17.95	24.89	22.08
Carpeted Roads-RCC	25.32	-	-	25.32	19.54	1.07	-	20.61	4.71	5.78
Server & Network	11.18	0.42	-	11.59	9.72	0.40	-	10.13	1.47	1.46
Office Equipments	16.59	-	0.64	15.95	12.74	1.85	1.65	12.94	3.02	3.86
AC Plant And Acs	44.93	3.24	-	48.18	37.53	3.74	3.53	37.73	10.45	7.41
Electric Installation	88.25	4.83	-	93.07	48.07	7.05	-	55.12	37.96	40.18
Computers	21.36	1.80	-	23.16	16.39	2.33	0.02	18.69	4.46	4.97
Land	52.69	1.19	-	53.87	-	-	-	-	53.87	52.69
Buildings	519.09	9.30	-	528.39	124.41	15.45	-	139.86	388.53	394.68
Plant And Machinery	1,477.32	68.60	-	1,545.93	1,166.21	70.22	33.64	1,202.80	343.13	311.11
Furniture And Fittings	78.99	9.84	-	88.83	45.10	5.36	1.20	49.26	39.57	33.89
Wind Mill	57.29	-	-	57.29	34.88	2.03	-	36.91	20.39	22.42
Vehicles	15.74	11.77	-	27.51	8.38	2.10	1.18	9.30	18.21	7.36
TOTAL	**2,598.10**	**117.58**	**0.64**	**2,715.04**	**1,571.91**	**120.98**	**41.23**	**1,651.66**	**1,063.38**	**1,026.19**
Intangible Assets										
Intangible Assets	40.17	2.72	-	42.88	37.84	1.35	-	39.19	3.69	2.32
TOTAL	**40.17**	**2.72**	**-**	**42.88**	**37.84**	**1.35**	**-**	**39.19**	**3.69**	**2.32**
Capital Work-in-progress										
Capital Work-in-progress	13.95	(4.11)	-	9.84		-	-	-	9.84	13.95
TOTAL	**13.95**	**(4.11)**	**-**	**9.84**	**-**	**-**	**-**	**-**	**9.84**	**13.95**

For the year 2016-17 **(Rs. In Million)**

Particulars	Gross Block				Depreciation and Amortization				Net Block	
	As at 1st April 2016	Addition during the year	Disposal/ Adjustment	As at 31st March 2017	As at 1st April 2016	For the year	Disposal/ Adjustment	As at 31st March 2017	As at 31st March 2017	As at 1st April 2016
Solar Machinery	153.10	-	-	153.10	29.19	5.60	-	34.78	118.32	123.92
Laboratory Equipment	39.04	-	2.79	36.25	12.29	3.99	2.11	14.17	22.08	26.75
Carpeted Roads-RCC	25.32	-	-	25.32	18.07	1.47	-	19.54	5.78	7.25
Server & Network	11.10	0.08	-	11.18	9.09	0.63	-	9.72	1.46	2.01
Office Equipments	15.95	0.64	-	16.59	10.72	2.07	0.06	12.74	3.86	5.23
AC Plant And Acs	44.83	0.10	-	44.93	32.87	4.68	0.03	37.53	7.41	11.96
Electric Installation	87.10	1.14	-	88.25	40.77	8.05	0.75	48.07	40.18	46.34
Computers	27.68	-	6.32	21.36	21.18	2.91	7.71	16.39	4.97	6.50
Land	52.69	-	-	52.69	-	-	-	-	52.69	52.69
Buildings	519.08	0.01	-	519.09	109.63	15.29	0.51	124.41	394.68	409.44
Plant And Machinery	1,450.90	26.43	-	1,477.32	1,129.46	74.74	37.98	1,166.21	311.11	321.44
Furniture And Fittings	78.39	0.60	-	78.99	40.07	6.50	1.48	45.10	33.89	38.32
Wind Mill	57.29	-	-	57.29	32.82	2.06	-	34.88	22.42	24.48
Vehicles	28.50	-	12.76	15.74	13.49	2.63	7.74	8.38	7.36	15.01
TOTAL	**2,590.97**	**29.01**	**21.88**	**2,598.10**	**1,499.64**	**130.63**	**58.36**	**1,571.91**	**1,026.19**	**1,091.33**
Intangible Assets										
Intangible Assets	39.66	0.50	-	40.17	34.98	2.86	-	37.84	2.32	4.68
TOTAL	**39.66**	**0.50**	**-**	**40.17**	**34.98**	**2.86**	**-**	**37.84**	**2.32**	**4.68**
Capital Work-in-progress										
Capital Work-in-progress	2.06	11.89		13.95				-	13.95	2.06
TOTAL	**2.06**	**11.89**	**-**	**13.95**	**-**	**-**	**-**	**-**	**13.95**	**2.06**

For the year 2015-16 **(Rs. In Million)**

Particulars	Gross Block				Depreciation and Amortization				Net Block	
	As at 1st April 2015	Addition during the year	Disposal/ Adjustment	As at 31st March 2016	As at 1st April 2015	For the year	Disposal/ Adjustment	As at 31st March 2016	As at 31st March 2016	As at 1st April 2015
Solar Machinery	153.10	-	-	153.10	23.59	5.60	-	29.19	123.92	129.52
Laboratory Equipment	36.88	2.16	-	39.04	7.95	4.34	-	12.29	26.75	28.94
Carpeted Roads-RCC	25.32	-	-	25.32	13.80	4.27	-	18.07	7.25	11.52
Server & Network	10.27	0.83	-	11.10	8.41	0.68	-	9.09	2.01	1.87
Office Equipments	15.49	0.46	-	15.95	8.13	2.60	0.00	10.72	5.23	7.36
AC Plant And Acs	43.42	1.41	-	44.83	27.91	5.41	0.44	32.87	11.96	15.51
Electric Installation	84.37	2.73	-	87.10	31.55	9.25	0.04	40.77	46.34	52.82
Computers	25.35	2.33	-	27.68	18.04	3.34	0.20	21.18	6.50	7.31
Land	52.69	-	-	52.69	-	-	-	-	52.69	52.69
Buildings	516.74	2.34	-	519.08	94.39	15.24	-	109.63	409.44	422.35
Plant And Machinery	1,404.30	46.59	-	1,450.90	1,038.96	95.72	5.22	1,129.46	321.44	365.35
Furniture And Fittings	75.85	2.53	-	78.39	32.94	7.13	-	40.07	38.32	42.92
Wind Mill	68.91	0.67	12.28	57.29	41.82	2.38	11.38	32.82	24.48	27.09
Vehicles	34.33	-	5.83	28.50	12.86	3.83	3.20	13.49	15.01	21.47
TOTAL	**2,547.03**	**62.05**	**18**	**2,590.97**	**1,360.33**	**159.79**	**20.48**	**1,499.64**	**1,091.33**	**1,186.70**
Intangible Assets										
Intangible Assets	37.11	2.55		39.66	30.78	4.21	-	34.98	4.68	6.33
TOTAL	**37.11**	**2.55**	**-**	**39.66**	**30.78**	**4.21**	**-**	**34.98**	**4.68**	**6.33**
Capital Work-in-progress										
Capital Work-in-progress	1.48	0.59	-	2.06	-	-	-	-	2.06	1.48
TOTAL	**1.48**	**0.59**	**-**	**2.06**	**-**	**-**	**-**	**-**	**2.06**	**1.48**

HARSHA ENGINEERS LIMITED

Notes to Restated Standalone Financial Information

Note : 2 Property, Plant & Equipment

The Company has availed the deemed cost exemption in relation to the PPE on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated depreciation on April 1, 2015 under the previous GAAP.

(Rs. In Million)

Particulars	As At 01.04.2015		
	Gross Block	Depreciation Fund	Net Block
Solar Machinery	153.10	23.59	129.52
Laboratory Equipment	36.88	7.95	28.94
Carpeted Roads-RCC	25.32	13.80	11.52
Server & Network	10.27	8.41	1.87
Office Equipments	15.49	8.13	7.36
AC Plant And Acs	43.42	27.91	15.51
Electric Installation	84.37	31.55	52.82
Computers	25.35	18.04	7.31
Land	52.69	-	52.69
Buildings	516.74	94.39	422.35
Plant And Machinery	1,404.30	1,038.96	365.35
Furniture And Fittings	75.85	32.94	42.92
Wind Mill	68.91	41.82	27.09
Vehicles	34.33	12.86	21.47
TOTAL	**2,547.03**	**1,360.33**	**1,186.70**
Intangible Assets			
Intangible Assets	37.11	30.78	6.33
TOTAL	**37.11**	**30.78**	**6.33**
Capital Work-in-progress			
	-		
Capital Work-in-progress	1.48	-	1.48
TOTAL	**1.48**	**-**	**1.48**

The financial information of the Company as at and for the year ended March31, 2016, is prepared in accordance with requirements of SEBI Circular SEBI/ HO/ CFD/ DIL/CIR/ P/ 2016/ 47 dated March 31, 2016 ("SEBI Circular"). As envisaged by the SEBI Circular, the Company has followed the same accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 16) as initially adopted on its Ind AS transition date (i.e. April 1, 2016) while preparing the proforma financial information for the FY 2015-16 and accordingly suitable restatement adjustments in the accounting heads has been made in the proforma financial information. This proforma Ind AS financial information have been prepared by making Ind AS adjustments to the audited Indian GAAP financial statements as at and for the year ended March 31, 2016 as described in this Note, accordingly difference would arise in the Opening balance of Plant, Property & Equipment as at April 1, 2015.

HARSHA ENGINEERS LIMITED

Notes to Restated Standalone Financial Information

Note 3
Investments in Subsidiary, Associate and Joint venture **(Rs. In Million)**

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Non-Current			
Investments in equity shares of Subsidiary(Measured at Amortised cost)			
Harsha Engineers (India) Private Limited	0.10	0.10	0.10
Aastha Tools Pvt. Ltd.	15.60	15.60	15.60
Harsha Engineers Components (Changshu) Co. Ltd.	184.44	184.44	138.91
Harsha Abakus Solar Pvt.Ltd.	-	-	106.41
Harsha Precision Bearings Components (China) Co. Ltd.	491.55	491.55	491.55
Harsha Engineers B.V.	227.06	227.06	227.06
Total investments in Subsidiary, Associate and Joint venture	**918.75**	**918.75**	**979.64**

Note 4
Investments **(Rs. In Million)**

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Current			
Birla Sun Life Cash Plus-Growth-Reg Plan	-	130.24	-
Total current investments	**-**	**130.24**	**-**

Note 5
Loans **(Rs. In Million)**

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Non-Current			
(Unsecured, Considered Good)			
Capital Advances	62.69	4.67	2.96
Loans to Employees	0.77	1.29	1.33
Security Deposits	2.49	0.80	0.80
Loan to subsidiaries	898.09	611.54	670.15
Other Loan & Advances	-	1.02	-
Total Non - current loans	**964.03**	**619.32**	**675.24**
Current			
Balances With Government Authority	213.64	89.13	94.10
Export Benefits Receivables	-	-	-
Prepaid Expenses	48.56	51.64	60.19
Loan To Employees	1.53	1.86	1.68
Advances To Suppliers	3.58	1.31	5.86
Income Receivable & Other Advances	65.68	53.57	22.47
Total current loans	**332.98**	**197.50**	**184.30**

Note 6
Other financial assets **(Rs. In Million)**

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Current			
Derivative Asset	(0)	26.34	5.69
Export Benefits Receivables (MEIS & DEPB)	55.44	39.88	49.34
Hedging Premium Receivable	13.74	8.33	6.79
Freight Receivables	9.66	7.18	4.13
Other	0.48	-	-
Total other current financial assets	**79.33**	**81.73**	**65.95**

Note 7
Inventories (Rs. In Million)

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Raw Material	117.35	105.42	81.98
Semi Finished	69.24	40.32	37.58
Finished	472.64	422.56	314.21
Stores & Spares	82.21	64.45	61.07
Toolings	487.53	427.05	430.05
Total inventories	**1,228.96**	**1,059.80**	**924.89**

Note 8
Trade receivables (Rs. In Million)

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Trade Receivables	1,136.08	731.66	649.39
Total trade receivables	**1,136.08**	**731.66**	**649.39**

Note 9
Cash and cash equivalents (Rs. In Million)

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Cash on hand	0.57	1.12	0.97
Balances with banks			
In current accounts	3.68	120.45	10.58
In Fixed Deposit accounts	134.85	201.68	152.82
Total cash and cash equivalents	**139.10**	**323.26**	**164.36**

HARSHA ENGINEERS LIMITED

Notes to Restated Standalone Financial Information

Note 10
Equity share capital (Rs. In Million)

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Authorised share capital			
1,50,00,000 Equity Shares of Rs.10/ each	150.00	150.00	150.00
Increase in authorised share capital by 2,00,00,000 Equity Shares of Rs.10/ each for issuing of bonus shares as on 27-06-2018			
Total	**150.00**	**150.00**	**150.00**

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Issued, subscribed and paid up capital			
1,20,41,400 Equity Shares of Rs. 10/- each	120.41	120.41	120.41
Increase in share capital by issue of bonus shares- 1,20,41,400 Equity Shares of Rs.10/ each as on 27-06-2018			
Total	**120.41**	**120.41**	**120.41**

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period (Rs. In Million)

Particulars	No of shares	Amount
As at 1st April 2015		
At the beginning of the year	12,041,400	120,414,000.00
Add : Shares issued during the year	-	
As at 31st March 2016 (Proforma Ind AS)	**12,041,400**	**120,414,000.00**
As at 1st April 2016		
At the beginning of the year	12,041,400	120.41
Add : Shares issued during the year	-	-
As at 31st March 2017	**12,041,400**	**120.41**
As at 1st April 2017		
At the beginning of the year	12,041,400	120.41
Add : Shares issued during the year	-	-
As at 31st March 2018	**12,041,400**	**120.41**

Details of shareholder(s) holding more than 5% Equity Shares

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Name of Shareholder			
Mr. Rajendra Shah	1,802,698	1,802,690	1,802,690
Ms. Nirmala Shah	1,800,000	1,800,000	1,800,000
Mr. Pilak Shah	1,200,000	1,200,000	1,200,000
Mr. Harish Rangwala	1,801,348	1,801,346	3,001,346
Ms. Charusheela Rangwala	1,801,348	1,801,348	3,001,348
Mr. Vishal Rangwala	960,000	1,200,000	-
Mr.Munjal Rangwala	1,200,000	1,200,000	-
% Holding in equity shares			
Mr. Rajendra Shah	14.97%	14.97%	14.97%
Ms. Nirmala Shah	14.95%	14.95%	14.95%
Mr. Pilak Shah	9.97%	9.97%	9.97%
Mr. Harish Rangwala	14.96%	14.96%	24.93%
Ms. Charusheela Rangwala	14.96%	14.96%	24.93%
Mr. Vishal Rangwala	7.97%	9.97%	-
Mr.Munjal Rangwala	9.97%	9.97%	-

HARSHA ENGINEERS LIMITED

Notes to Restated Standalone Financial Information

Notes

Terms /Rights attached to equity shares

Note 11

Other equity

(Rs. In Million)

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
General Reserve	351.16	351.16	351.16
Retained Earnings	2,629.76	2,021.56	1,694.18
Reserves representing unrealized gains/losses	(3.91)	(1.49)	(0.99)
Total other equity	**2,977.01**	**2,371.23**	**2,044.35**

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
General reserve			
Opening Balance	351.16	351.16	351.16
Total general reserve	**351.16**	**351.16**	**351.16**

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Retained earnings			
Opening Balance	2,021.56	1,694.18	1,489.55
Add:			
Profit during the year	608.20	327.38	302.81
Less:			
Changes in accounting policy / prior period errors	-	-	(25.71)
Interim / Proposed Dividend	-	-	(60.21)
Dividend Distribution Tax	-	-	(12.26)
Total retained earnings	**2,629.76**	**2,021.56**	**1,694.18**

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Reserves representing unrealized gains/losses			
Fair Value through Other Comprehensive Income			
Opening Balance	(1.49)	(0.99)	-
Increase/(Decrease) fair value of quoted mutual funds	(0.24)	0.24	-
Remeasurement of post-employment benefit obligations	(3.48)	(1.00)	(1.52)
Income tax relating to the above items	1.30	0.26	0.53
Total reserves representing unrealized gains/losses	**(3.91)**	**(1.49)**	**(0.99)**

Note 12

Borrowings

(Rs. In Million)

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Non-current borrowings			
Secured			
From Export-Import Bank of India (EXIM BANK) (Joint Charge on various assets with Citi Bank N.A. as per the sanction letter dated 17th Feb 2016)	420.00	540.00	600.00
From ICICI BANK LTD. (Secured by exclusive charge on 1MW Solar Power Plant and collaterally secured by plant and machinery of DGBB Unit.)	-	21.24	49.61
From CITI BANK N.A. (First pari passu charge on Land & Building of Moraiya plant)	-	53.33	106.67
From HSBC LTD.	-	-	80.00
From Kotak Bank (Secured by hypothecation of Staff Bus.)	11.50	-	-
Total non-current borrowings	**431.50**	**614.57**	**836.27**

HARSHA ENGINEERS LIMITED

Notes to Restated Standalone Financial Information

Current borrowings			
STATE BANK OF INDIA			
Cash Credit Account	1.44	-	80.20
Working Capital Loan	-	-	100.00
Bills Discounted and Export Packing Credit	246.96	275.74	12.80
(Secured by Hypothecation of Inventories, debtors first ranking pari passu with Citibank and collateral security by way of Hypothecation of movable assets except plant and Machineries of DGBB unit and Brass Moraiya unit & immovable asset)			
CITI BANK			
Cash Credit Account	2.53	-	-
Working Capital Loan	-	-	66.25
Bills Discounted and Export Packing Credit	175.62	233.88	304.74
(Secured by hypothecation of Inventories, debtors first ranking pari passu with SBI)			
YES BANK			
Cash Credit Account	175.00	-	-
Deposit From Directors	44.01	157.33	88.28
Deposit From Shareholders	39.57	133.09	128.52
Loan from Bank	295.00	314.59	200.00
Total current borrowings	**980.13**	**1,114.64**	**980.80**

Terms And Conditions

Particulars

(1) Citi Bank

Security:

1) First pari passu charge on land & Building of Moraiya Plant of Harsha Engineers Limited, India.

Brief terms and conditions of the term loans including re-schedulement, prepayment, penalty, default, etc

1) Re-schedulement : at the lender's discretion

2) Prepayment : Allowed after 2 years from drawdown at NIL cost, otherwise 2% of sanction amount or principal outstanding whichever is higher

3) Penalty : penalty will be @4% p.a. over the rate derived, on overdues/delays/default in payment of monies

4) Default : No payment of principal or interest on due date, breach of financial covenants, misrepresentations, cross default and cross acceleration, Insolvancy, unlawfulness, repudiation, failure in security perfection, Expropriation, Material adverse change, cessation of

(2) EXIM Bank

Security:

1) First pari passu charge alongwith Citi Bank NA on land & Building of Harsha Engineers Limited, India.

2) First pari passu charge alongwith Citi Bank NA on Plant & Machinery and other movable fixed assets of the Brass Unit of Harsha engineers Limited, India.

3) Pledge of 100% shares of Harsha Engineers BV, Netherland as well as Harsha Engineers Europe SRL pari passu with Citi Bank NA.

4) First pari passu charge alongwith Citi Bank NA on entire current assets of Harsha Engineers Europe SRL.

5) First pari passu charge alongwith Citi Bank NA on entire movable and immovable assets of Harsha Engineers Europe SRL.

6) Unconditional and irrevocable personal Guarantees of 1) Mr. Rajendra Shah and 2) Mr. Harish Rangwala. The said personal Guarantees will be released on completion of 18 months from the date of first disbursement, subject to compliance with all the financial and non financial covenants stipulated for the loan

Brief terms and conditions of the term loans including re-schedulement, prepayment, penalty, default, etc

1) Re-schedulement : at the lender's discretion

2) Prepayment : at the lender's discretion

3) Penalty : @2% p.a. over and above the applicable interest rate in case of default in principal or interest payment on due date.

4) Default : No payment of principal or interest on due date, breach of financial covenants, misrepresentations, cross default and cross acceleration, Insolvancy, unlawfulness, repudiation, failure in security perfection, Expropriation, Material adverse change, cessation of business foreign exchange restriction etc., Lender wil have the right to dominate any of its officials as a nominee director on the board of Harsha Engineers Limited in event of default.

Rate of interest ranges from 5% to 15% p.a . On Long Term Borrowing

Rate of interest ranges from 10% to 13% p.a . On Loan from Directors.

Rate of interest ranges from 10% to 13% p.a . On Deposite from Directors.

HARSHA ENGINEERS LIMITED

Notes to Restated Standalone Financial Information

Terms Of Repayments:
Non- Current Borrowing

(Rs. In Million)

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
1-2 Years	142.51	194.57	181.71
2-3 Years	142.73	139.92	234.57
3-4 Years	143.22	139.92	139.92
Beyond 4 Years	3.04	140.16	280.08

Note 13
Other Financial laibilities (Rs. In Million)

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Current			
Derivative liability	11.36	1.37	6.63
Total non-current provisions	**11.36**	**1.37**	**6.63**

Note 14
Provisions (Rs. In Million)

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Non-Current			
Provision For Employees Benefits	41.39	37.27	40.86
Total non-current provisions	**41.39**	**37.27**	**40.86**
Current			
Provision for taxation (Net of Advance Tax)	(3.17)	3.56	26.77
Total current provisions	**(3.17)**	**3.56**	**26.77**

Note 15
Deferred tax (Asset)/Liability (Rs. In Million)

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Deferred tax Asset	29.99	61.92	18.40
Total	**29.99**	**61.92**	**18.40**
Deferred tax Liability	96.33	75.74	49.02
Total	**96.33**	**75.74**	**49.02**
Net Deferred Tax (Asset)/Liability	**66.34**	**13.82**	**30.62**

Note 16
Other liabilities (Rs. In Million)

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Non-current			
Contingent Deposit from Vendor	14.91	12.33	9.45
Advance from Staff	0.68	0.80	2.61
Total non-current liabilities	**15.58**	**13.13**	**12.06**
Current			
Statutory Liabilites	154.26	119.57	102.74
Current maturities of long term debt	208.30	168.00	152.11
Interest accrued but not due on borrowings	0.88	2.07	2.94
Interest accrued and due on borrowings	5.98	22.66	9.67
Advance from Customers	0.55	9.60	5.26
Other liabilities	33.70	29.94	14.86
Total current liabilities	**403.67**	**351.83**	**287.58**

HARSHA ENGINEERS LIMITED

Notes to Restated Standalone Financial Information

Note 17
Trade payables

(Rs. In Million)

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Creditors for goods and services	831.92	462.89	355.48
Total trade payables	**831.92**	**462.89**	**355.48**

Note 18
Revenue from operations (Rs. In Million)

Particulars	For the year ended 31st March, 2018 (Ind AS)	For the year ended 31st March, 2017 (Ind AS)	For the year ended 31st March, 2016 (Proforma Ind AS)
Net Sales (Exports)	2,757.30	1,906.34	1,803.98
Net Sales (Domestic)	2,315.85	1,651.35	1,490.32
Total revenue from operations	**5,073.16**	**3,557.69**	**3,294.30**

Note 19
Other income (Rs. In Million)

Particulars	For the year ended 31st March, 2018 (Ind AS)	For the year ended 31st March, 2017 (Ind AS)	For the year ended 31st March, 2016 (Proforma Ind AS)
Recurring Income			
MEIS Income	77.05	53.64	45.85
DEPB Income	-	6.96	4.75
Duty Draw Back(DDB) Income	53.10	32.19	31.19
Focus Product (FPS) Income	(0.17)	(0.05)	3.08
Focus Market (FMS) Income	-	(0.34)	0.00
Solar Power Generation	20.85	22.56	23.72
Windmill Power Generation	11.37	13.11	14.70
Interest Income	45.66	33.89	24.65
Gain / (Loss) on Export Hedging	(15.82)	54.35	35.64
Lease Rent & Miscellaneous Income	2.71	2.85	3.97
Gain / Loss on Exchange Rate Fluctuation	217.31	(44.45)	2.61
	412.06	**174.71**	**190.15**
Non-Recurring Income			
Gain / Loss on Sale of Investment	3.67	(17.13)	23.29
	3.67	**(17.13)**	**23.29**
Total other income	**415.74**	**157.58**	**213.44**

Note 20
Cost of materials consumed (Rs. In Million)

Particulars	For the year ended 31st March, 2018 (Ind AS)	For the year ended 31st March, 2017 (Ind AS)	For the year ended 31st March, 2016 (Proforma Ind AS)
Cost Of Material Consumed	2,643.41	1,696.99	1,511.30
Inward Transportation	6.38	3.69	3.73
Total Cost of materials consumed	**2,649.79**	**1,700.68**	**1,515.03**

Note 21
Change In Inventories Of Finished Goods & Work-In-Progress (Rs. In Million)

Particulars	For the year ended 31st March, 2018 (Ind AS)	For the year ended 31st March, 2017 (Ind AS)	For the year ended 31st March, 2016 (Proforma Ind AS)
Finished goods opening stock	428.61	324.52	333.55
Less : Finished goods closing stock	(480.25)	(428.61)	(324.52)
Interest On Opening Stock	(6.05)	(10.31)	(8.21)
Less : Interest On closing stock	7.61	6.05	10.31
Total (A)	**(50.08)**	**(108.35)**	**11.14**
Semi finished goods opening stock	40.32	37.58	33.66
Less : Semi finished goods closing stock	(69.24)	(40.32)	(37.58)
Total (B)	**(28.93)**	**(2.74)**	**(3.91)**
Toolings opening stock	427.05	430.05	411.22
Less : Toolings closing stock	(487.53)	(427.05)	(430.05)
Total (C)	**(60.47)**	**3.00**	**(18.83)**
Total Change In Inventories Of Finished Goods & Work-In-Progress	**(139.48)**	**(108.09)**	**(11.61)**

HARSHA ENGINEERS LIMITED

Notes to Restated Standalone Financial Information

Note 22
Employee benefit expenses **(Rs. In Million)**

Particulars	For the year ended 31st March, 2018 (Ind AS)	For the year ended 31st March, 2017 (Ind AS)	For the year ended 31st March, 2016 (Proforma Ind AS)
Salaries,Wages & Bonus Etc	479.36	411.52	381.48
Contri. To PF,FPF,ESI Etc	45.46	41.86	39.81
Staff Welfare	25.52	23.95	39.16
Remuneration To Directors	74.48	47.38	26.38
Total employee benefit expenses	**624.83**	**524.71**	**486.83**

Note 23
Finance costs **(Rs. In Million)**

Particulars	For the year ended 31st March, 2018 (Ind AS)	For the year ended 31st March, 2017 (Ind AS)	For the year ended 31st March, 2016 (Proforma Ind AS)
Interest Expense			
Interest Expense on Term Loans	69.30	95.12	58.05
Interest Expense on Working Capital Loan	52.12	30.70	14.44
Interest Expense on Deposits	13.86	32.93	30.51
Interest Expense on Others	0.55	1.26	6.42
Total of Interest Expense	**135.83**	**160.01**	**109.42**
Other Borrowing Costs			
Bank Charges & Processing Fees	11.54	18.42	7.55
Unwinding of discount on provision of Asset Retirement Obligation	0.15	0.13	1.01
Exchange Rate Difference	-	-	-
Total of Other Borrowing Costs	**11.68**	**18.55**	**8.56**
Total finance costs	**147.51**	**178.56**	**117.98**

Note 24
Other expenses **(Rs. In Million)**

Particulars	For the year ended 31st March, 2018 (Ind AS)	For the year ended 31st March, 2017 (Ind AS)	For the year ended 31st March, 2016 (Proforma Ind AS)
(A) Stores & Packing			
Stores Consumed	232.85	169.48	178.51
Packing Materials Consumed	151.93	117.76	111.27
Total (A)	**384.79**	**287.24**	**289.78**
(B) Power & Fuel			
Factory power consumption	134.98	116.10	116.52
Total (B)	**134.98**	**116.10**	**116.52**
(C) Operative Expenses			
Machinery Repairs	8.86	5.75	6.97
Windmill Maintenance	1.96	2.23	2.10
Solar Repairs & Maintenance	1.36	1.42	1.29
Contractor-Welfare & Others Exp.	11.30	12.68	-
Contractor-Labour Charges	143.05	106.19	102.79
Non Quality Expenses	22.95	5.47	17.24
Non Quality Expenses (Travelling)	0.27	0.39	0.93
Inward Cartage	9.11	7.60	6.66
Material Testing Charges	0.48	0.33	0.55
Water Charges	-	0.00	0.00
Total (C)	**199.35**	**142.06**	**138.54**
(D) Administrative & Other Expenses			
Advertisement & Sales Promotion	8.35	10.30	8.10
Audit fees	0.95	1.06	0.95
Boni	0.02	0.01	0.01
Books And Periodicals	0.07	0.06	0.10
Car Lease Rent & Fleet Management Expenses	8.73	7.23	6.73
Cash Discount	0.23	0.67	1.27
Celebration Expenses	1.79	1.03	1.90
Computer Expenses, Repairs & Maintenance	12.79	9.55	0.11
Conveyance	0.44	0.44	0.44
Corporate Social Responsibility(CSR)	15.53	-	0.50
Postage, Courier, Telephone & Telex	3.91	3.43	3.33
Domestic Freight	38.88	27.46	27.38
Donations	0.13	0.22	0.06
Excise Expense	(17.10)	(1.79)	(1.87)
Export Benefit Expenses	3.73	3.13	1.36

Export Expenses	1.37	1.93	2.14
Export Freight	240.38	129.46	122.27
Factory Licence Fees	0.11	0.17	0.18
Gardening Expenses	0.11	0.07	1.02
General Expenses	16.48	15.43	14.86
Interest on Income Tax	0.96	0.02	(0.21)
Insurance Charges - Transit-Export	0.55	0.78	0.83
Insurance Premium	2.36	2.46	1.78
Lease Rent	0.84	0.12	0.12
Legal & Professional Exp	18.16	19.73	14.95
Membership And Subscription	0.94	1.09	0.73
Municipal Property Taxes	0.65	0.04	0.22
Warehousing Expenses	6.98	11.26	16.54
Stationery, Printing & Xerox Expenses	5.46	4.54	1.60
Product Liability Insurance	4.90	5.57	6.31
Professional Tax	0.00	0.00	0.00
Profit / Loss On Sale Of Fixed Assets	1.46	(7.89)	1.07
Quality Certification Expenses	0.39	0.45	1.55
Recruitment Expenses	0.99	0.52	0.75
Repairs & Maintenance	15.77	11.96	21.93
Round Off	(0.00)	(0.00)	(0.01)
Sales Tax	0.02	0.05	0.13
Security Expenses	5.95	5.82	5.77
Sundry Balances written off	0.32	-	-
Seminar Expenses	-	0.02	-
Staff Training	3.49	0.67	1.20
Domestic Traveling	3.96	2.59	2.51
Foreign Traveling Expenses	8.64	8.07	13.53
Vehicles - Expense	2.30	1.60	1.64
Wind mill Insurance	0.06	0.06	0.09
Total (D)	**422.04**	**279.38**	**283.88**
Total other expenses (A+B+C+D)	**1,141.15**	**824.77**	**828.72**

Note 25

Contingent Liabilities and Commitments **(Rs. In Million)**

Particulars	For the year ended 31st March, 2018 (Ind AS)	For the year ended 31st March, 2017 (Ind AS)	For the year ended 31st March, 2016 (Proforma Ind AS)
(i) Letter of Credit / Letter of comfort/ Stand By Letter of Credit (SBLC) & Bank Guarantee (Outstanding)	1,012.70	951.80	1,234.30
(ii) Corporate guarantee for Harsha Abakus Solar Pvt. Ltd in favor of HDFC Bank Ltd.	60.15	147.20	155.60

26. Deferred tax asset/ (liabilities) [Net]
Movement in deferred tax balances

(Rs.In Million)

Particulars	Net balance April 1, 2017	31st March, 2018					
		Recognised in profit or loss	Recognised directly in equity	Other	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset/ (liabilities)							
Solar Power Project	(27.39)	(0.27)	-	-	(27.66)	-	(27.66)
Fixed Assets	(39.05)	(3.43)	-	-	(42.47)	-	(42.47)
Bonus and Ex-gratia Payable	10.33	1.23	-	-	11.56	11.56	-
Gratuity	7.95	(0.10)	-	-	7.85	7.85	-
Leave Encashment as on	3.45	0.39	-	-	3.84	3.84	-
ERF-Curr.Revaluation	26.71	(52.82)	-	-	(26.10)	-	(26.10)
ARO Provision	0.63	0.06	-	-	0.68	0.68	-
ARO Assets	(0.11)	0.01	-	-	(0.10)	-	(0.10)
Derivative Assets	(9.12)	9.12	-	-	-	-	-
Derivative Liability	0.47	3.50	-	-	3.97	3.97	-
Revenue Recognition - Prior Period (Sales)	10.41	(10.41)	-	-	0.00	0.00	-
Export Benefit	1.10	(1.10)	-	-	-	-	-
Remeasurement Of Gratuity	0.87	1.22	-	-	2.09	2.09	-
FV of Investment	(0.08)	0.08	-	-	-	-	-
	-	-	-	-	-	-	-
Tax assets/ (liabilities)	**(13.82)**	**(52.52)**	**-**	**-**	**(66.34)**	**29.99**	**(96.33)**
Set off tax							
Net tax assets/ (liabilities)	**(13.82)**	**(52.52)**	**-**	**-**	**(66.34)**	**29.99**	**(96.33)**

(Rs.In Million)

Particulars	Net balance April 1, 2016	31st March, 2017					
		Recognised in profit or loss	Recognised directly in equity	Other	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset/ (liabilities)							
Solar Power Project	(27.39)	-	-	-	(27.39)	-	(27.39)
Fixed Assets	(40.06)	1.02	-	-	(39.05)	-	(39.05)
Bonus and Ex-gratia Payable	9.90	0.43	-	-	10.33	10.33	-
Gratuity	5.79	2.16	-	-	7.95	7.95	-
Leave Encashment as on	7.24	(3.79)	-	-	3.45	3.45	-
ERF-Curr.Revaluation	5.62	21.10	-	-	26.71	26.71	-
ARO Provision	0.58	0.05	-	-	0.63	0.63	-
ARO Assets	(0.12)	0.01	-	-	(0.11)	-	(0.11)
Derivative Assets	(1.97)	(7.15)	-	-	(9.12)	-	(9.12)
Derivative Liability	2.30	(1.82)	-	-	0.47	0.47	-
Revenue Recognition - Prior Period (Sales)	5.33	5.08	-	-	10.41	10.41	-
Export Benefit	1.63	(0.54)	-	-	1.10	1.10	-
Remeasurement Of Gratuity	0.53	0.35	-	-	0.87	0.87	-
FV of Investment	-	(0.08)	-	-	(0.08)	-	(0.08)
	-	-	-	-	-	-	-
Tax assets/ (liabilities)	**(30.62)**	**16.80**	**-**	**-**	**(13.82)**	**61.92**	**(75.74)**
Set off tax							
Net tax assets/ (liabilities)	**(30.62)**	**16.80**	**-**	**-**	**(13.82)**	**61.92**	**(75.74)**

(Rs.In Million)

Particulars	Net balance April 1, 2015	31st March, 2016					
		Recognised in profit or loss	Recognised directly in equity	Other	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset/ (liabilities)							
Solar Power Project	(27.39)	-	-	-	(27.39)	-	(27.39)
Fixed Assets	(61.49)	21.42	-	-	(40.06)	-	(40.06)
Bonus and Ex-gratia Payable	8.24	1.66	-	-	9.90	9.90	-
Gratuity	1.80	3.99	-	-	5.79	5.79	-
Leave Encashment as on	8.08	(0.84)	-	-	7.24	7.24	-
ERF-Curr.Revaluation	24.49	(18.87)	-	-	5.62	5.62	-
ARO Provision	-	0.58	-	-	0.58	0.58	-
ARO Assets	-	(0.12)	-	-	(0.12)	-	(0.12)
Derivative Assets	-	(1.97)	-	-	(1.97)	-	(1.97)
Derivative Liability	-	2.30	-	-	2.30	2.30	-
Revenue Recognition - Prior Period (Sales)	-	5.33	-	-	5.33	5.33	-
Export Benefit	-	1.63	-	-	1.63	1.63	-
Remeasurement Of Gratuity	-	0.53	-	-	0.53	0.53	-
FV of Investment	-	-	-	-	-	-	-
			-	-	-	-	-
Tax assets/ (liabilities)	**(46.27)**	**15.65**	**-**	**-**	**(30.62)**	**38.92**	**(69.54)**
Set off tax							
Net tax assets/ (liabilities)	**(46.27)**	**15.65**	**-**	**-**	**(30.62)**	**38.92**	**(69.54)**

Note 27FairValueMeasurement

A. Financial instruments by category and their fair value **(Rs. In Million)**

As at 31st March 2018	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Financial assets								
Investments								
Quoted	-		-	-	-	-	-	-
Unquoted	-		-	-	-	-	-	-
Loans								-
Current	-	-		-	-	-	-	-
Trade Receivables	-	-	1,136.08	1,136.08	-	-	-	-
Cash and Cash Equivalents	-	-	0.57	0.57	-	-	-	-
Other Bank Balances	-	-	139.10	139.10	-	-	-	-
Other financial assets								-
Non-current	-	-		-	-	-	-	-
Total financial assets	**-**	**-**	**1,275.75**	**1,275.75**	**-**	**-**	**-**	**-**
Financial liabilities								
Borrowings								
Non-current			431.50	431.50	-	-	-	-
Other financial liabilities								
current				-	-	-	-	-
Trade Payables			831.92	831.92	-	-	-	-
Total financial liabilities	**-**	**-**	**1,263.42**	**1,263.42**	**-**	**-**	**-**	**-**

Fair value of financial assets and liabilities measured at amortised cost is not materially different from the amortised cost. Further, impact of time value of money is not significant for the financial instruments classified as current. Accordingly, the fair value has not been disclosed separately.

(Rs.In Millions)

As at 31st March 2017	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Financial assets								
Investments								
Quoted	-	130.24	-	130.24	130.24	-	-	130.24
Unquoted	-	-	-	-	-	-	-	-
Loans								
Non-current	-	-	619.32	619.32	-	619.32	-	619.32
Current	-	-	197.50	197.50	-	-	-	-
Trade Receivables	-	-	731.66	731.66	-	-	-	-
Cash and Cash Equivalents	-	-	323.26	323.26	-	-	-	-
Other financial assets					-	-	-	-
Non-current	-	-	-	-				
Current	81.73	-	-	81.73	-	-	-	-
Total financial assets	**81.73**	**130.24**	**1,871.74**	**2,083.71**	**130.24**	**619.32**	**-**	**749.56**
Financial liabilities								
Borrowings								
Non-current	-	-	614.57	614.57	-	-	-	-
Current	-	-	1,114.64	1,114.64	-	-	-	-
Trade Payables	-	-	462.89	462.89	-	-	-	-
Total financial liabilities	**-**	**-**	**2,192.10**	**2,192.10**	**-**	**-**	**-**	**-**

Fair value of financial assets and liabilities measured at amortised cost is not materially different from the amortised cost. Further, impact of time value of money is not significant for the financial instruments classified as current. Accordingly, the fair value has not been disclosed separately.

(Rs.In Millions)

As at 31st March 2016 (Proforma Ind AS)	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Financial assets								
Investments								
Quoted	-	-	-	-	-	-	-	-
Unquoted	-	-	-	-	-	-	-	-
Loans								
Non-Current	-	-	675.24	675.24	-	675.24	-	675.24
Current	-	-	184.30	184.30	-	-	-	-
Trade Receivables	-	-	649.39	649.39	-	-	-	-
Cash and Cash Equivalents	-	-	164.36	164.36	-	-	-	-
Other financial assets					-	-	-	-
Non-current	-	-	-	-	-	-	-	-
Current	65.95	-	-	65.95	-	-	-	-
Total financial assets	**65.95**	**-**	**1,673.29**	**1,739.23**	**-**	**675.24**	**-**	**675.24**
Financial liabilities								
Borrowings								
Non-current	-	-	836.27	836.27	-	-	-	-
Current	-	-	980.80	980.80	-	-	-	-
Trade Payables	-	-	355.48	355.48	-	-	-	-
Total financial liabilities	**-**	**-**	**2,172.55**	**2,172.55**	**-**	**-**	**-**	**-**

Investments in subsidiaries are carried at amortised cost.

Fair value of financial assets and liabilities measured at amortised cost is not materially different from the amortised cost. Further, impact of time value of money is not significant for the financial instruments classified as current. Accordingly, the fair value has not been disclosed separately.

Types of inputs are as under:

Input Level I (Directly Observable) which includes quoted prices in active markets for identical assets such as quoted price for an equity security on Security Exchanges

Input Level II (Indirectly Observable) which includes prices in active markets for similar assets such as quoted price for similar assets in active markets, valuation multiple derived from prices in observed transactions involving similar businesses etc.

Input Level III (Unobservable) which includes management's own assumptions for arriving at a fair value such as projected cash flows used to value a business etc.

B. Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Cross Currency Interest Rate Swaps	This instrument is valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations. The model incorporate various inputs including credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads, interest rate curve.

Transfers between Levels 1 and 2

There have been no transfers between Level 1 and Level 2 during the reporting periods

Level 3 fair values

Movements in the values of unquoted equity instruments for the period ended 31st March, 2017; 31st March, 2016 and 1st April, 2015 is as below:

(Rs. In Millions)

Particulars	Amount
As at 1 April 2016	**-**
Acquisitions/ (disposals)	130.00
Gains/ (losses) recognised in other comprehensive income	0.24
As at 31 March 2017	**130.24**
Acquisitions/ (disposals)	**-**
Gains/ (losses) recognised in other comprehensive income	-
As at 31 March 2018	**130.24**

Transfer out of Level 3

There were no transfers out of level 3 during the year 2017-18 and 2016-17.

C. Financial risk management

The Company’s principal financial liabilities comprises of loans & borrowings and trade & other payables. The main purpose of these financial liabilities is to finance the Company operations and to provide guarantees to support its operations. The Company's principal financial assets include trade & other receivables, cash & cash equivalents and investments that are derived directly from its operations.The Company has exposure to the following risks arising from financial instruments:

i. Credit risk

ii. Liquidity risk

iii. Market risk

(i) Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the company. The potential activities where credit risks may arise include from cash and cash equivalents, derivative financial instruments and security deposits or other deposits and principally from credit exposures to customers relating to outstanding receivables. The maximum credit exposure associated with financial assets is equal to the carrying amount. Details of the credit risk specific to the company along with relevant mitigation procedures adopted have been enumerated below:

Trade receivables

The Company's exposure to credit Risk is the exposure that Company has on account of services rendered to a contractual counterparty or counterparties, whether with collateral or otherwise for which the contracted consideration is yet to be received. The Company's customer base are Industrial and Commercial.

Services are generally subject to security deposit and/or bank guarantee clauses to ensure that in the event of non-payment the company's receivables are secured. The Company provides for allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix.

Age of Receivables: **(Rs.In Millions)**

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Not Due	947.18	829.45	796.72
0-3 Months	170.29	117.65	90.76
3-6 Months	12.84	22.24	9.10
6-12 Months	14.69	13.38	9.36
1-3 Years	21.27	14.39	18.95
>3 Years	-	-	-

The above receivables which are past due but not impaired are assessed on case-to-case basis. The instances pertain to third party customers which have a proven creditworthiness record. Management is of the view that these financial assets are not impaired as there has not been any adverse change in credit quality and are envisaged as recoverable based on the historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings, if they are available. Consequently, no additional provision has been created on account of expected credit loss on the receivables. There are no other classes of financial assets that are past due but not impaired. The provision for impairment of trade receivables, movement of which has been provided below, is not significant / material. The concentration of credit risk is limited due to fact that the customer base is large and unrelated.

Other financial assets

Other financial assets comprise of cash and cash equivalents, loans provided to employees and investments in equity shares of companies other than subsidiaries, associates and joint ventures.

- Cash and cash equivalents and Bank deposits are placed with banks having good reputation and past track record with adequate credit rating. The Company reviews their credit-worthiness at regular intervals.
- Investments are made in credit worthy companies.
- Derivative instrument comprises cross currency interest rate swaps where the counter parties are banks with good reputation, and past track record with adequate credit rating. Accordingly no default risk is perceived.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are proposed to be settled by delivering cash or other financial asset. The Company's financial planning has ensured, as far as possible, that there is sufficient liquidity to meet the liabilities whenever due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross / undiscounted values and include estimated interest payments and exclude the impact of netting agreements.

(Rs.In Millions)

31st March, 2018	Contractual cash flows based on maturity			
	Carrying amount	Total	Less than 12 months	More than 12 months
Non-derivative financial liabilities				
Non current borrowings	431.50	431.50	-	431.50
Current borrowings			-	-
Non current financial liabilities	15.58	15.58	-	15.58
Current financial liabilities	403.67	403.67	403.67	-
Trade and other payables	831.92	831.92	831.92	-
Total	1,682.68	1,682.68	1,235.59	447.09

(Rs.In Millions)

31st March, 2017	Contractual cash flows based on maturity			
	Carrying amount	Total	Less than 12 months	More than 12 months
Non-derivative financial liabilities				
Non current borrowings	614.57	614.57	-	614.57
Current borrowings		-	-	-
Non current financial liabilities	13.13	13.13	-	13.13
Current financial liabilities	351.83	351.83	351.83	-
Trade and other payables	462.89	462.89	462.89	-
Total	**1,442.42**	**1,442.42**	**814.73**	**627.70**

(Rs.In Millions)

31st March, 2016 (Proforma Ind AS)	Contractual cash flows based on maturity			
	Carrying amount	Total	Less than 12 months	More than 12 months
Non-derivative financial liabilities				
Non current borrowings	836.27	836.27		836.27
Current borrowings		-	-	-
Non current financial liabilities	12.06	12.06		12.06
Current financial liabilities	287.58	287.58	287.58	-
Trade and other payables	355.48	355.48	355.48	-
Total	**1,491.39**	**1,491.39**	**643.05**	**848.34**

(iii) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments.

Currency risk

The functional currency of the company is Indian Rupees and its revenue is generated from operations in India. It is exposed to foreign currency risk arising on the LIBOR linked floating rate external commercial borrowing (ECB) denominated in Japanese Yen. The ECB has been fully hedged using a pay fixed – receive floating cross currency interest rate swap with all critical terms mirroring the underlying ECB. Accordingly, the foreign currency exposure and interest rate exposure has been completely hedged.

This aside, the Company does not have any derivative instruments used for trading or speculative purposes.

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

The Company's portfolio of borrowings comprise of a mix of fixed rate and floating rate loans which are monitored continuously in the light of market conditions. Further as disclosed above, The interest rate exposure on floating rate ECB has been fully hedged through a pay fixed – receive floating cross currency interest rate swap.

D. Capital management

The Company defines capital as total equity including issued equity capital, share premium and all other equity reserves attributable to equity holders of the Company (which is the Company's net asset value). The primary objective of the Company's financial framework is to support the pursuit of value growth for shareholders, while ensuring a secure financial base.

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Company's adjusted net debt to equity ratio on 31st March, 2017 was as follows. **(Rs.In Millions)**

Particulars	As at 31st March, 2018 (Ind AS)	As at 31st March, 2017 (Ind AS)	As at 31st March, 2016 (Proforma Ind AS)
Total non-current liabilities	554.82	678.79	919.81
Less : Cash and bank balances	139.10	323.26	164.36
Adjusted net debt	**415.72**	**355.54**	**755.45**
Total equity	**3,097.42**	**2,491.64**	**2,164.76**
Adjusted net debt to adjusted equity ratio	0.13:1 times	0.14:1 times	0.35:1 times

Note 28
Related party disclosures

As per the Indian Accounting Standard-24 on "Related Party Disclosures", list of related parties identified of the Company are as follows:

A. Subsidiary/ associate

Name of Entity	Type
Harsha Engineers (India) Private Limited	Subsidiary
Aastha Tools Private Limited	Subsidiary
Harsha Precision Bearing Components (China) Co., Ltd.	Subsidiary
Harsha Engineering Components (Changshu) Co. Ltd.	Subsidiary
Harsha Engineers B.V (HEBV)	Subsidiary
Harsha Engineers Europe SRL	Step-down Subsidiary

Enterprise on which Directors and KMPs have significant influence and control
Harsha Abakus Solar Private Limited (HASPL)
Daylight Solar Private limited
Firstlight Solar Private Limited
Helianthus Solar Power Private Limited
Harsha Renewable Energy Private Limited
Cleanmax Harsha Solar LLP
HACM Solar LLP
Hues Hub Online Private Limited
Ecotrail Personal Care Private Limited

B. Key Managerial Personnel:

Name of Key Managerial Personnels	
Rajendra Shah###	Chairman & Whole-time Director
Harish Rangwala ####	Managing Director
Vishal Rangwala *	Director
Pilak Shah **	Director
Munjal Rangwala	Director
Hetal Ukani#	Director
Dilip Sanghvi	Director
Jitendra Mamotra***	Director
Harshendra Punjawat ##	CFO
Kiran Mohanty****	CS
# Ms. Hetal Ukani was resigned from the position of Director the Company with effect from 1st March, 2018.	
## Mr. Harshendra Y. Punjawat was resigned from the position of VP-Finance & CFO of the Company with effect from 28th January, 2018.	
###Mr Rajendra S. Shah resigned from the position of chairman of the Company with effect from 10th August 2018 and appointed as CEO with effect from 10th August 2018	
#### Mr Harish Rangwala resigned from the position of Chief Executive Officer (CEO) of the Company with effect from 10th August 2018	
*Mr Vishal Rangwala was designated as Chief Operating Officer (COO) of the Company with effect from 25th June 2018	
**Mr Pilak Shah was appointed as Whole-time Director and Chief Financial Officer(CFO) of the Company with effect from 18th June 2018 and 25th June 2018 respectively	
***Mr Jitendra Mamtora has been appointed as Chairman of the Board with effect from 10th August 2018	
****Mr Kiran Mohanty was designated as Chief Compliance Officer (CCO) of the Company with effect from 25th June 2018	

C. Relative of Key Managerial Personnel:

Name of Relative of Key Managerial Personnels	
Charusheela Rangwala	Dilip J. Sanghvi HUF
Tanvi Rangwala	Sonu Punjawat
Mauli Rangwala	Yashwant Rakhablal Punjawat
Tarana Rangwala	Kamla Yashwant Punjawat
Late Shri Ranjit Rangwala	P.C Mohanty
Shantilal Shah	Nayana Mohanty
Hiraben Shah	Lipsa Nayak
Nirmala Shah	Aayansh Mohanty
Mili Mehta	Ravi Mohanty
Krina Shah	Rashmita Nayak
Vaishali Shah	Sinny Nayak
Raag Shah	Karuna J. Mamtora
Late BrijeshUkani	Satyen J. Mamtora
Chinulal Shah	Aakanksha S. Mamtora
Kanubhai Shah	Pratham S. Mamtora
Zaverben Rangwala	Pranay S. Mamtora
Harish Rangwala (HUF)	Late Shri Ujamshi Mamtora
Rajendra Shah (HUF)	Ms. Jaya Mamtora
Dinaben Sanghvi	Janki Kiri
Lataben Sanghvi	Ashish Kiri
Late Jayantilal T. Sanghvi	Dilip Mamtora
Late Kanchanben J. Sanghvi	Bipin Mamtora
Mrs. Nirali S. Shah	Ramesh Mamtora
Mrs. Monali M. Gosalia	Jitendra U. Mamtora HUF (Karta)
Mr. Siddharth D. Shah	Brijesh Purshottam Ukani – HUF
Mr. Mithun D. Gosalia	Viha
Late Kirit J. Sanghvi	Preya
Late Kala S. Shah	Heet H.Punjawat
Mrs. Ramila A. Shah	Jyoti Kothari
Jayantilal T. Sanghvi HUF	

D. Transactions during the year with related parties:

1. Subsidiaries Transactions:-

(Rs.In Million)

Particulars	Purchase of Goods / Job work / Assets / Reimbursement			Sales of Goods/ Assets/Lease Rent/ Reimbursement			Loans Given		
	2017-18	2016-17	2015-16	2017-18	2016-17	2015-16	2017-18	2016-17	2015-16
Aastha Tools Pvt. Ltd.	167.77	116.04	123.14	0.13	0.32	-		-	-
Harsha Precision Bearing Components (China) Co., Ltd.	0.17	0.38	1.79	(0.02)	5.69	6.10	18.02	19.46	-
Harsha Abakus Solar Private Limited	-	-	1.84			2.00			-
Harsha Engineering Components (Changshu) Co. Ltd.	0.03	-	0.37	32.68	16.61	4.67	35.62	18.61	-
Harsha Engineers Europe SRL	37.76	0.32	12.95	101.10	17.57	-			-
Harsha Engineers B.V.	-	-	-	-	-	-	306.34	-	600.14

Particulars	Loans Paid Back			Interest Income			Equity Contribution/ (Disposal)		
	2017-18	2016-17	2015-16	2017-18	2016-17	2015-16	2017-18	2016-17	2015-16
Aastha Tools Pvt. Ltd.	20.93	2.30	5.83	1.32	2.67	3.66	-	-	-
Harsha Precision Bearing Components (China) Co., Ltd.	-	-	-	1.55	0.16		-	-	3.22
Harsha Abakus Solar Prvate Limited			-						74.81
Harsha Engineering Components (Changshu) Co. Ltd.	-	-	-	1.74	0.43	4.95	-	45.53	-
Harsha Engineers Europe SRL	-	-	-	-	-		-	-	-
Harsha Engineers B.V.	52.37	-	-	22.41	16.78	1.80	-	-	227.06

2. Key Management Personnel Transactions

(Rs.In Million)

Particulars	Remuneration			Dividend Paid			Loan Accepted		
	2017-18	2016-17	2015-16	2017-18	2016-17	2015-16	2017-18	2016-17	2015-16
Rajendra Shah	27.05	16.67	7.24	-	-	9.01	67.50	56.50	9.00
Harish Rangwala	18.85	14.14	7.24	-	-	15.01	20.43	43.55	12.00
Vishal Rangwala	19.16	8.61	6.22	-	-	-	10.00	2.50	19.00
Pilak Shah	4.64	4.54	6.07	-	-	6.00	15.70	-	55.65
Munjal Rangwala		1.20	-	-	-	-	7.70	-	6.00
Hetal Ukani#	4.77	2.22	0.73	-	-	1.50	33.19	10.79	27.95
Dilip Sanghvi	-	-	-	-	-	-	10.80	9.90	-
Jitendra Mamotra	-	-	-	-	-	-	-	-	-
Harshendra Punjawat*	3.46	3.35	3.27	-	-	-	-	-	-
Kiran Mohanty	1.08	1.02	0.68	-	-	-	-	-	-

Particulars	Loans Repaid			Interest Paid		
	2017-18	2016-17	2015-16	2017-18	2016-17	2015-16
Rajendra Shah	120.00	2.50	8.63	1.98	5.42	0.80
Harish Rangwala	36.75	33.50	18.37	0.89	4.06	1.29
Vishal Rangwala	21.50	10.00	17.00	0.16	1.68	1.73
Pilak Shah	22.90	1.00	104.65	0.89	1.64	6.24
Munjal Rangwala	10.20	1.00	-	0.27	0.65	0.00
Hetal Ukani#	57.69	6.19	28.20	1.86	3.80	3.51
Dilip Sanghvi	9.60	-	-	1.20	1.12	-
Jitendra Mamotra	-	-	-	-	-	-
Harshendra Punjawat*	-	-	-	-	-	-
Kiran Mohanty	-	-	-	-	-	-

Ms. Hetal Ukani was resigned from the position of Director the Company with effect from 1st March, 2018.
* Mr. Harshendra Y. Punjawat was resigned from the position of VP-Finance & CFO of the Company with effect from 28th January, 2018.

HARSHA ENGINEERS LIMITED

Notes to Financial statements for the year ended 31st March 2018

3. Relative of Key Management Personnel Transactions

(Rs.In Million)

Particulars	Dividend Paid			Deposits Accepted		
	2017-18	2016-17	2015-16	2017-18	2016-17	2015-16
Charusheela Rangwala	-	-	15.01	19.20	7.25	25.50
Tanvi Rangwala	-	-	-	1.00	-	1.00
Nirmala Shah	-	-	9.00	22.10	1.20	87.10
Mili Mehta	-	-	1.50	17.25	3.50	15.65
Krina Shah	-	-	1.50	26.40	4.45	23.20
Vaishali Shah	-	-	1.50	12.35	2.20	11.55
Zaverben Rangwala	-	-	-	4.74	1.20	4.40
Harish Rangwala (HUF)	-	-	-	6.19	2.72	5.99
Rajendra Shah (HUF)	-	-	-	6.93	1.00	3.43
Dinaben Sanghvi	-	-	-	8.80	2.30	-
Lataben Sanghvi	-	-	-	10.70	1.40	-

Particulars	Deposits Repaid			Interest Paid		
	2017-18	2016-17	2015-16	2017-18	2016-17	2015-16
Charusheela Rangwala	28.85	4.50	34.00	0.55	1.21	0.19
Tanvi Rangwala	2.00	-	2.15	-	0.12	0.19
Nirmala Shah	45.40	-	149.10	0.49	2.61	5.76
Mili Mehta	34.75	2.20	13.15	0.52	1.99	1.73
Krina Shah	52.30	2.45	20.05	0.72	2.94	2.61
Vaishali Shah	24.85	0.80	11.05	0.88	1.49	1.33
Zaverben Rangwala	8.20	-	5.85	0.01	0.36	0.37
Harish Rangwala (HUF)	12.70	2.00	5.19	0.02	0.73	0.66
Rajendra Shah (HUF)	3.93	0.50	3.28	0.81	0.48	0.46
Dinaben Sanghvi	7.60	-	-	1.20	1.01	-
Lataben Sanghvi	9.10	0.60	-	1.22	1.09	-

4. Enterprise on which Directors and KMPs have significant influence and control Transcations (Rs.In Million)

Particulars	Purchase of Goods / Job work / Assets / Reimbursement			Sales of Goods/ Assets/Lease Rent/ Reimbursement			Loans Given		
	2017-18	2016-17	2015-16	2017-18	2016-17	2015-16	2017-18	2016-17	2015-16
Harsha Abakus Solar Pvt. Ltd.	1.43	1.24	-	3.66	2.64	-	-	-	-

Particulars	Loans Paid Back			Interest Income			Equity Contribution/ (Disposal)		
	2017-18	2016-17	2015-16	2017-18	2016-17	2015-16	2017-18	2016-17	2015-16
Harsha Abakus Solar Pvt. Ltd.	-	-	-	-	-	-	-	(106.41)	-

E. Outstanding balance as at year end

1. Subsidiaries

(Rs.In Million)

Particulars	Equity			Loan & Advance			Interest Receivables on loan		
	As on 31/03/2018	As on 31/03/2017	As on 31/03/2016	As on 31/03/2018	As on 31/03/2017	As on 31/03/2016	As on 31/03/2018	As on 31/03/2017	As on 31/03/2016
Harsha Engineers (India) Private Limited	0.10	0.10	0.10	-	-	-	-	-	-
Aastha Tools Private Limited	15.60	15.60	15.60	-	21.06	23.62	-	-	-
Harsha Engineering Components (Changshu) Co. Ltd.	184.44	184.44	138.91	55.07	19.46	46.38	19.64	17.90	17.47
Harsha Precision Bearings Comp (China) Co. Ltd.	491.55	491.55	491.55	37.48	19.46	-	1.71	0.16	-
Harsha Engineers B.V.	227.06	227.06	227.06	805.55	551.57	600.14	40.99	18.58	1.80
Harsha Engineers Europe SRL	-	-	-	-	-	-	-	-	-
Harsha Engineers SRL	-	-	-	-	-	-	-	-	-

Particulars	Other Receivales			Payable		
	As on 31/03/2018	As on 31/03/2017	As on 31/03/2016	As on 31/03/2018	As on 31/03/2017	As on 31/03/2016
Harsha Engineers (India) Private Limited	-	-	-	-	-	-
Aastha Tools Private Limited	0.01	0.10	0.00	47.23	35.40	30.67
Harsha Engineering Components (Changshu) Co.	49.48	29.00	19.42	-	-	-
Harsha Precision Bearings Comp (China) Co. Ltd.	8.19	10.15	11.15	-	-	-
Harsha Engineers B.V.	-	-	-	-	-	-
Harsha Engineers Europe SRL	60.92	17.18	2.82	4.09	0.32	-
Harsha Engineers SRL	-	-	10.13	-	-	-

2. Key Management Personnel

(Rs.In Million)

Particulars	Loan			Interest Payable on Loan			Remmuneration Payable		
	As on 31/03/2018	As on 31/03/2017	As on 31/03/2016	As on 31/03/2018	As on 31/03/2017	As on 31/03/2016	As on 31/03/2018	As on 31/03/2017	As on 31/03/2016
Rajendra Shah	10.50	63.00	9.00	-	-	-	15.06	7.56	2.38
Harish Rangwala	2.73	19.05	9.00	-	-	-	9.81	5.94	2.38
Vishal Rangwala	-	11.50	19.00	-	-	-	9.86	3.52	2.33
Pilak Shah	6.70	13.90	14.90	-	-	-	2.44	1.63	2.29
Munjal Rangwala	2.50	5.00	6.00	-	-	-	-	0.78	-
Hetal Ukani#	10.49	34.99	30.39	-	-	-	2.43	0.85	0.04
Dilip Sanghvi	11.10	9.90	##	-	-	-	-	-	-
Jitendra Mamotra	-	-	-	-	-	-	-	-	-
Harshendra Punjawat*	-	-	-	-	-	-	-	0.20	0.18
Kiran Mohanty	-	-	-	-	-	-	0.07	0.05	0.06

Ms. Hetal Ukani was resigned from the position of Director the Company with effect from 1st March, 2018.

* Mr. Harshendra Y. Punjawat was resigned from the position of VP-Finance & CFO of the Company with effect from 28th January, 2018.

##Mr. Dilip Sanghvi was not the director as on 01/04/2016. He was appointed as director wef26/04/2016

3. Relative of Key Management Personnel Transactions

(Rs.In Millior

Particulars	Deposit			Interest Payable on Deposit			Other Payable		
	As on 31/03/2018	As on 31/03/2017	As on 31/03/2016	As on 31/03/2018	As on 31/03/2017	As on 31/03/2016	As on 31/03/2018	As on 31/03/2017	As on 31/03/2016
Charusheela Rangwala	2.10	11.75	9.00	-	-	-	-	-	-
Tanvi Rangwala	-	1.00	1.00	-	-	-	-	-	-
Nirmala Shah	-	23.30	22.10	-	-	-	-	-	-
Mili Mehta	0.25	17.75	16.45	-	-	-	-	-	-
Krina Shah	0.40	26.30	24.30	-	-	-	-	-	-
Vaishali Shah	1.25	13.75	12.35	-	-	-	-	-	-
Zaverben Rangwala	0.14	3.60	2.40	-	-	-	-	-	-
Harish Rangwala (HUF)	0.20	6.71	5.99	-	-	-	-	-	-
Rajendra Shah (HUF)	7.43	4.43	3.93	-	-	-	-	-	-
Dinaben Sanghvi	11.1	9.9	###	-	-	-	-	-	-
Lataben Sanghvi	11.5	9.9	###	-	-	-	-	-	-

Dinaben Sanghvi and Lataben Sanghvi were not the relative of KMP as on 01/04/2016

4. Enterprise on which Directors and KMPs have significant influence and control Transcations (Rs.In Million)

Particulars	Equity			Loan & Advance			Interest Receivables on loan		
	As on 31/03/2018	As on 31/03/2017	As on 31/03/2016	As on 31/03/2018	As on 31/03/2017	As on 31/03/2016	As on 31/03/2018	As on 31/03/2017	As on 31/03/2016
Harsha Abakus Solar Pvt.	-	-	106.41	-		-	-	-	-

Particulars	Other Receivales			Payable		
	As on 31/03/2018	As on 31/03/2017	As on 31/03/2016	As on 31/03/2018	As on 31/03/2017	As on 31/03/2016
Harsha Abakus Solar Pvt.	0.28	0.19	0.42	0.10	0.10	0.10

Note 29
Explanation of transition to Ind AS
These are the Company's first standalone financial statements prepared in accordance with Ind ASs.

The accounting policies set out in **Note 1** have been applied in preparing the financial statements for the year ended 31st March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 01st April 2016 (the Company's date of transition).

In preparing its opening Ind AS balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (Indian GAAP or previous GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables and notes:

Exemption and exception applied
In preparing these financial statements, the Company has applied the below optional exemptions and mandatory exceptions in line with principles of Ind AS 101.

Optional exemptions
I. Property, Plant and Equipment (PPE)
Ind AS 101 provides the below options with respect to the items of PPE:
• Carry forward the previous GAAP carrying values as at the transition date as "deemed cost" under Ind AS, provided there is no change in functional currency.
• Fair value the items of PPE as at the transition date and use this as the "deemed cost" under Ind AS.
• Restate the carrying values of PPE retrospectively as at the transition date based on Ind AS 16.
The above options are available for intangible assets and investment property as well except fair value option not permitted for investment property.
The Company has opted to measure all the items of PPE at the previous GAAP carrying values as at the transition date.

II. Decommissioning liabilities included in the cost of PPE
A first-time adopter need not comply with these requirements for changes in such liabilities that occurred before the date of transition to Ind ASs. If a first-time adopter uses this exemption, it shall:
• Measure the liability at the transition date in accordance with Ind AS 37;
• Using the historical risk adjusted discount rate, determine the amount which would have been capitalized when the liability first arose; and
• Compute the amount of depreciation based on the estimated useful life.

However, the decommissioning liabilities for Windmill assets is measured as at the transition date and the same is accounted through the retained earnings.
Accordingly, the Company has elected to apply the exemption for the obligations arising on account of decommissioning cost.

III. Determining whether an arrangement contains a lease
As per Appendix C to Ind AS 17, at the inception, an assessment is to be made whether an arrangement contains a lease or not. Ind AS 101 permits an entity to make an assessment based on the facts and circumstances existing as at the transition date.
Based on the exemption, the Company has opted not to apply the requirements retrospectively. Assessment of whether an arrangement contains a lease or not has been made on the basis of facts and circumstances existing as at the transition date. Further, lease classification i.e. operating or finance lease is made at the inception of lease.

VI. Accounting for Investment in Mutual Funds
Ind AS 101 permits designation of investment in mutual fund as investments Fair Valued through the Other Comprehensive Income (FVOCI).
Accordingly, the Company has opted to designate certain equity investments as FVOCI on the transition date.

VI. Deemed cost for investments in equity shares of subsidiaries and associates
Under, Ind AS 101 an entity can determine the value of investment in a subsidiary, associate or joint arrangement as either of the below:
• Cost determined in accordance with Ind AS 27 (i.e. retrospective application of Ind AS 27)
• Fair value at the entity's date of transition to Ind AS
• Previous GAAP carrying amount
Accordingly, if an entity chooses to measure its investment at fair value at the date of transition then that is deemed to be cost of such investment for the company and, therefore, it shall carry its investment at that amount (i.e. fair value at the date of transition) after the date of transition.
The Company has elected to fair value investments in equity shares of certain subsidiaries, associates and joint ventures and carry the same as deemed cost after the transition date.

Mandatory exceptions
Below are the key mandatory exceptions used in preparation of these financial statements:
A. Estimates
Under Ind AS 101, an entity's estimates in accordance with Ind AS at 'the date of transition to Ind AS' or 'the end of the comparative period presented in the entity's first Ind AS financial statements', as the case may be, should be consistent with estimates made for the same date in accordance with previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.
The Company's Ind AS estimates as on the transition date are consistent with the estimates made under previous GAAP as on this date. Key estimates considered in preparation of these financial statements that were not required under the previous GAAP are listed below:

• Fair valuation of financial instruments carried at FVTPL or FVOCI.
• Impairment of financial assets based on the expected credit loss model.
• Discounted value of liability on account of decommissioning cost.
• Allocation of previous GAAP carrying values of fixed assets.

B. Derecognition of Financial Assets and Liabilities
As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 101, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognized as a result of past transactions was obtained at the time of initially accounting for those transactions.
The Company has elected to apply the derecognition principles of Ind AS 109 prospectively.

C. Classification and measurement of financial assets
Ind AS 101 provides exemptions to certain classification and measurement requirements of financial assets under Ind AS 109, where these are impracticable to implement. Classification and measurement is done on the basis of facts and circumstances existing as on the transition date.
Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the transition date.

D. Reconciliation of equity as at 31 March, 2016 (Proforma Ind AS) (Rs. In Millions)

Particulars	Footnote ref.	Amount as per IGAAP*	Effects of transition to Ind AS	Restated Adjustments	Amount as per Ind AS
ASSETS					
Non-current assets					
Property, plant and equipment	29.2	1,090.99	0.34	-	1,091.33
Intangible assets		4.68	-	-	4.68
Capital Work-In-Progress		2.06	-	-	2.06
Investment in subsidiary, associate and joint venture		979.64	-	-	979.64
Financial assets				-	
Investments		-	-	-	-
Loans		675.24	-	-	675.24
Other financial assets		-	-	-	-
Other non-current assets		-	-	-	-
Total non-current assets		**2,752.61**	**0.34**	**-**	**2,752.94**
Current assets					
Inventories	29.4	959.23	-	0.01	959.24
Financial assets				-	
Investments		-	-	-	-
Trade receivables	29.4	729.28	-	(79.89)	649.39
Cash and cash equivalents		164.36	-	-	164.36
Other bank balances		-	-	-	-
Loans	29.4	243.95	(49.34)	(7.04)	187.57
Others	29.3	-	61.82	-	61.82
Current tax assets		-	-	-	-
Other current assets			-	4.13	4.13
Total current assets		**2,096.82**	**12.48**	**(82.79)**	**2,026.50**
TOTAL ASSETS		**4,849.42**	**12.81**	**(82.79)**	**4,779.44**
EQUITY AND LIABILITIES					
Equity					
Equity share capital		120.41	-	-	120.41
Other equity		2,135.22	29.53	(82.79)	2,081.96
Total Equity		**2,255.63**	**29.53**	**(82.79)**	**2,202.37**
Liabilities					
Non-current liabilities					
Financial liabilities					
Borrowings	29.3	839.74	(3.46)	-	836.27
Other financial liabilities		-	-	-	-
Provisions	29.2	39.18	1.68	-	40.86
Deferred tax liabilities (Net)		49.02	(18.40)	-	30.62
Other non-current liabilities		12.06	-	-	12.06
Total non-current liabilities		**940.00**	**(20.18)**	**-**	**919.81**
Particulars	**Footnote ref.**	**Amount as per IGAAP***	**Effects of transition to Ind AS**	**Restated Adjustments**	**Amount as per Ind AS**
Current Liabilities					
Financial liabilities					
Borrowings	29.3	983.97	(3.17)	-	980.80
Trade payables		355.48	-	-	355.48
Other financial liabilities	29.3	-	6.63	-	6.63
Provisions		26.77	-	-	26.77
Net employee benefit Liabilities		-	-	-	-
Other current liabilities		287.58	-	-	287.58
Total current liabilities		**1,653.79**	**3.46**	**-**	**1,657.26**
Total Liabilities		**2,593.79**	**(16.72)**	**-**	**2,577.07**
TOTAL EQUITY AND LIABILITIES		**4,849.42**	**12.81**	**(82.79)**	**4,779.44**

*The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

E. Reconciliation of equity as at 31 March, 2017 (Rs. In Millions)

Particulars	Footnote ref.	Amount as per IGAAP*	Effects of transition to Ind AS	Restated Adjustments	Amount as per Ind AS
ASSETS					
Non-current assets					
Property, plant and equipment	29.2	1,025.88	0.31	-	1,026.19
Intangible assets		2.32	-	-	2.32
Capital Work-In-Progress		13.95	-	-	13.95
Investment in subsidiary, associate and joint venture		918.75	-	-	918.75
Financial assets				-	-
Investments		-	-	-	-
Loans		619.32	-	-	619.32
Other financial assets		-	-	-	-
Other non-current assets		-	-	-	-
Total non-current assets		**2,580.24**	**0.31**	**-**	**2,580.54**

Current assets					
Inventories	29.4	974.31	85.49	-	1,059.80
Financial assets				-	-
Investments	29.1	130.00	0.24	-	130.24
Trade receivables	29.4	775.50	(43.84)	-	731.66
Cash and cash equivalents		323.26	-		323.26
Other bank balances		-	-	-	-
Loans	29.4	238.58	(41.08)	-	197.50
Others	29.3	-	74.55	-	74.55
Current tax assets		-	-	-	-
Other current assets		4.13	3.05	-	7.18
Total current assets		**2,445.78**	**78.40**	**-**	**2,524.18**
TOTAL ASSETS		**5,026.01**	**78.71**	**-**	**5,104.73**
EQUITY AND LIABILITIES					
Equity					
Equity share capital		120.41	-	-	120.41
Other equity		2,284.88	86.35	-	2,371.23
Total Equity		**2,405.29**	**86.35**	**-**	**2,491.64**
Liabilities					
Non-current liabilities					
Financial liabilities					
Borrowings	29.3	615.68	(1.11)	-	614.57
Other financial liabilities		-	-	-	-
Provisions	29.2	35.46	1.81	-	37.27
Deferred tax liabilities (Net)		23.28	(9.46)	-	13.82
Other non-current liabilities		13.13	-	-	13.13
Total non-current liabilities		**687.55**	**(8.75)**	**-**	**678.79**
Current Liabilities					
Financial liabilities					
Borrowings	29.3	1,114.89	(0.26)	-	1,114.64
Trade payables		462.89	-	-	462.89
Other financial liabilities	29.3	-	1.37	-	1.37
Provisions		3.56	-	-	3.56
Net employee benefit Liabilities		-	-	-	-
Other current liabilities		351.83	-	-	351.83
Total current liabilities		**1,933.18**	**1.11**	**-**	**1,934.29**
Total Liabilities		**2,620.72**	**(7.64)**	**-**	**2,613.08**
TOTAL EQUITY AND LIABILITIES		**5,026.01**	**78.71**	**-**	**5,104.73**

*The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

F. Statement of Reconciliation of Equity (Shareholders' Funds) as at 31st March, 2017 and 31st March, 2016:

The impact of the above Ind AS adjustment on total equity is as below: **(Rs. In Millions)**

Particulars	**Footnote ref.**	**As at 31st March, 2017 (Ind AS)**	**As at 31st March, 2016 (Proforma Ind AS)**
Total equity as per previous GAAP (A)		**2,405.29**	**2,135.23**
Ind AS adjustments:			
Fair valuation of investments in equity shares	29.1	0.24	-
Accumulated depreciation on decommissioning liability (Windmills)	29.2	(0.36)	(0.33)
Interest on Unwinding of discount (Windmills)	29.2	(1.15)	(1.01)
MTM on derivatives	29.3	34.67	12.48
Changes in revenue recognition (Prior Period Adjustment)	29.4	54.88	-
Changes in revenue recognition of export benefit receivable(Prior Period Adjustment)	29.4	(1.20)	-
Freight Expense Reversed due to Revenue Recognition		(4.13)	-
Interest On Inventory (Prior Period Adjustment)		(6.05)	-
Deferred Tax on transition to Ind AS	29.6	8.66	17.87
Deferred Tax On Fair Value Of Investment	29.6	(0.08)	-
Deferred Tax On Re-Classification of Gratuity	29.6	0.87	0.53
Impact of total adjustments on account of Ind AS (B)		**86.35**	**29.53**
Total equity as per Ind AS (C) = (A) + (B)		**2,491.64**	**2,164.76**

G. Statement of Reconciliation of Total Comprehensive Income

The impact of the above Ind AS adjustment on total Comprehensive Income is as below: **(Rs. In Millions)**

Particular	**Foot Note No.**	**As At 31st March 2017 (Ind AS)**	**As At 31st March 2016 (Proforma Ind AS)**
Profit as Per Previous GAAP		**270.06**	**272.28**
Finance Cost On Windmill ARO		0.13	1.01
Depreciation on Windmill ARO		0.03	0.33
Remeasurement Of Defined Benefit Plan		(1.00)	(1.52)
Effect Of Revenue Recognition		69.82	12.48
Freight Expense Reversed		4.13	
Net Profit For the year as per IND AS		336.59	284.93
Other Comprehensive Income		(0.50)	(0.99)
Total Comprehensive Income As Per IND AS		**336.09**	**283.94**
Deffered Tax Liability		9.21	(17.87)
Restated Total Comprehensive Income As Per IND AS		**326.88**	**301.81**

H. Reconciliation of total comprehensive income for the year ended 31 March 2017 **(Rs. In Millions)**

Particulars	Footnote ref.	Amount as per IGAAP*	Effects of transition to Ind AS	Restated Adjustments	Amount as per Ind AS
INCOME					
Revenue from operations	29.3 & 29.4	3,633.69	(76.01)	-	3,557.69
Other income	29.3 & 29.4	104.42	53.16	-	157.58
TOTAL INCOME (A)		**3,738.11**	**(22.85)**	**-**	**3,715.26**
EXPENSES					
Cost of materials consumed	29.4	1,700.68	-	-	1,700.68
Change In Inventories Of Finished Goods & Work-In-Progress		11.73	1.22	(86.70)	(73.75)
Employee Benefits Expenses	29.5	525.71	(1.00)	-	524.71
Finance costs	29.2	178.43	0.13	-	178.56
Depreciation and Amortization Expenses	29.2	133.46	0.03	-	133.48
Other Expenses		827.82	(3.05)	-	824.77
TOTAL EXPENSES (B)		**3,377.83**	**(2.67)**	**(86.70)**	**3,288.46**
Profit/ (loss) before exceptional items (A-B)		**360.28**	**(20.18)**	**86.70**	**426.80**
Exceptional items					
Profit/ (loss) before tax		**360.28**	**(20.18)**	**86.70**	**426.80**
Tax expense					
Current Tax		150.30	-	-	150.30
Deferred Tax		(25.74)	9.21	-	(16.53)
MAT credit entitlement		-	-	-	-
Profit/ (loss) after tax for the period (C)		**235.72**	**(29.39)**	**86.70**	**293.03**
Other comprehensive income					
Items that will not be reclassified to profit or loss					
FV of investments	29.1	-	0.24	-	0.24
Remeasurement of post-employment benefit obligations	29.5	-	(1.00)	-	(1.00)
Income tax relating to these items		-	1.26	-	1.26
Other comprehensive income for the period, net of tax (D)		**-**	**0.50**	**-**	**0.50**
Total Comprehensive Income for the Period (C+D)		**235.72**	**(28.89)**	**86.70**	**293.54**

*The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

I. Reconciliation of total comprehensive income for the year ended 31 March 2016 (Proforma Ind AS) **(Rs. In Millions)**

Particulars	Footnote ref.	Amount as per IGAAP*	Effects of transition to Ind AS	Restated Adjustments	Amount as per Ind AS
INCOME					
Revenue from operations	29.3 & 29.4	3,275.07	(23.16)	42.39	3,294.30
Other income	29.3 & 29.4	181.13	35.64	2.60	219.36
TOTAL INCOME (A)		**3,456.19**	**12.48**	**44.99**	**3,513.66**
EXPENSES					
Cost of materials consumed	29.4	1,515.03	-	-	1,515.03
Change In Inventories Of Finished Goods & Work-In-Progress		(24.55)	-	0.00	(24.55)
Employee Benefits Expenses	29.5	488.35	(1.52)	-	486.83
Finance costs	29.2	116.97	1.01	-	117.98
Depreciation and Amortization Expenses	29.2	163.66	0.33	-	163.99
Other Expenses		825.65	-	(0.20)	825.45
TOTAL EXPENSES (B)		**3,085.12**	**(0.18)**	**(0.20)**	**3,084.74**
Profit/ (loss) before exceptional items (A-B)		**371.07**	**12.65**	**45.19**	**428.92**
Exceptional items					
Profit/ (loss) before tax		**371.07**	**12.65**	**45.19**	**428.92**
Tax expense					
Current Tax		119.10	-	-	119.10
Deferred Tax		2.75	(17.87)	-	(15.12)
MAT credit entitlement				-	-
Profit/ (loss) after tax for the period (C)		**249.22**	**30.53**	**45.19**	**324.94**
Other comprehensive income					
Items that will not be reclassified to profit or loss					
FV of investments	29.1		-	-	-
Remeasurement of post-employment benefit obligations	29.5		(1.52)	-	(1.52)
Income tax relating to these items			0.53	-	0.53
Other comprehensive income for the period, net of tax (D)		**-**	**(0.99)**	**-**	**(0.99)**
Total Comprehensive Income for the Period (C+D)		**249.22**	**29.53**	**45.19**	**323.97**

*The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

29.1 Fair Value of Investment in Mutual Funds

Under previous GAAP, investment in Mutual Funds were classified in to current Investments.Current Investment were carried at lower of cost or fair value.Under Ind AS these Investments are required to be measured at Fair Value either Through OCI (FVTOCI) or through Profit & Loss (FVTPL) .The Company has opted to Fair Value these Investments Through Profit & Loss (FVTPL). Accordingly, resulting fair value change of these Investments have been recognised in retained earnings as at the date of transition and subsequently in the Profit & Loss account for the year ended 31st March, 2017.

29.2 Decommissioning liability

Under the previous GAAP, estimated obligation of wind mills were not accounted. On transition to Ind AS, the company has estimated the present value of the decommissioning cost on these assets. Based on provisions of Ind AS 101 as discussed earlier in this note, the decommissioning cost pertaining to the wind mill assets and depreciation thereto has been accounted through the retained earnings. Consequently, the equity as on transition date as well as 31 March 2017 reduced by Rs. 15,06,794. Further, the comprehensive income for 2016-17 has reduced by Rs. 1,34,333. Impact of deferred tax has been provided in note no 26 Depreciation and amortisation on the Windmill to the extent of decommissiong liability amounting to Rs. 28,806 has also been provided.

29.3 Hedge Accounting

Under the previous GAAP, Company had used principle of AS-11. Now under Ind AS-109, all Derivatives are recognised at fair value and are re-measured at subsequent reporting dates. Hence, there is change in accounting treatment of Derivatives which had earlier been recognised under AS-11.

29.4 Prior Period Errors

Based on requirements of Ind AS 8, the Company has accounted for the prior period errors retrospectively by restating the comparative amounts to which the same relates. Since certain periods were prior to the transition date, the impact has been considered in preparation of the opening balance sheet. Consequently, this has decreased the equity on the transition date by Rs. 252.04 Lakh and reduced the equity as on 31st March, 2017 by Rs. 332.49 Lakh.

29.5 Remeasurement of Post Employment Benefit Obligations

Under the previous GAAP, cost relating to Post Employment Benefit Obligations including actuarial gain / losses were recognised in Profit & Loss. Under Ind AS, actuarial gain / losses on the net Defined Benefit Liability are recognised in Other Comprehensive Income instead of Profit & Loss.

29.6 Deferred Tax

Under previous GAAP, Deferred Taxes were recognised based on Profit & Loss approach i.e.tax impact on difference between the accounting income and taxable income. Under Ind AS, Deferred Tax is recognised by following Balance Sheet approach i.e. tax impact on temporary difference between the carrying value of assets and liabilities in the books and their respective tax base.

J. Statement of Reconciliation of Equity (Shareholders' Funds) as at 1st April, 2016:

The financial information of the Company as at and for the year ended April 1, 2016, is prepared in accordance with'requirements of SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/4 dated March 31, 2016 ("SEBI Circular"). As envisaged by the'SEBI Circular, the Company has followed the same accounting policy choices (both mandatory exceptions and optional exemptions'availed as per Ind AS 101) as initially adopted on its Ind AS transition date (i.e. April 1, 2015) while preparing the proforma'financial information for the FY 2014-15 and accordingly suitable restatement adjustments in the accounting heads have been made'in the standalone proforma financial information.

This standalone proforma Ind AS financial information have been prepared by making Ind AS adjustments to the audited Indian GAAP financial statements as at and for the year ended March 31, 2015 as described in this Note. The impact of Ind AS 101 on the equity under Indian GAAP as at March 31, 2015 and the impact on the profit or loss for the year ended March 31, 2015 due to the Ind- AS principles applied on proforma basis during the year ended March 31, 2015 can be explained as under:

The impact of the above Ind AS adjustment on total equity is as below: **(Rs. In Millions)**

Particulars	Footnote ref.	As at 31st March, 2016 (Proforma Ind AS)
Total equity as per previous GAAP (A)		**2,135.23**
Ind AS adjustments:		
Accumulated depreciation on decommissioning liability (Windmills)	30.2	(0.33)
Interest on Unwinding of discount (Windmills)	30.2	(1.01)
MTM on derivatives	30.3	12.48
Deferred Tax on transition to Ind AS	30.6	17.87
Deferred Tax On Re-Classification of Gratuity	30.6	0.53
Impact of total adjustments on account of Ind AS (B)		**29.53**
Total equity as per Ind AS (C) = (A) + (B)		**2,164.76**

For Pankaj R. Shah & Associates
Chartered Accountants
FRN No.: 107361W

Sd/-

CA Nilesh Shah
Designated Partner
M. No. : 107414

Date : 10-08-2018
Place : Ahmedabad

For and on behalf of the Board of Directors
(CIN : U29259GJ1986PLC008520)

Sd/-

Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-

Harish Rangwala
Managing Director
DIN: 00278062

Sd/-

Pilak Shah
Whole-time director and CFO

Sd/-

Kiran Mohanty
Chief Compliance Officer & CS

Date : 10-08-2018
Place : Ahmedabad

Annexure A - VI : Statement Of Adjustments To Audited Standalone Financial Statements

(Rs. In Millions)

Particulars	For the year ended 31st March 2018 (Ind AS)	For the year ended 31st March 2017 (Ind AS)	For the year ended 31st March 2016 (Proforma Ind AS)
Net Profit After Tax (as per audited accounts)	608.20	240.67	302.81
Adjustment on account of			
Impact of Revenue Recognition	-	86.71	-
	608.20	327.38	302.81
Tax on Related Adjustments	-	-	-
Restated Net Profit After Tax	608.20	327.38	302.81

For Pankaj R. Shah & Associates
Chartered Accountants
FRN No.: 107361W

Sd/-

____
CA Nilesh Shah
Designated Partner
M. No. : 107414

Date : 10-08-2018
Place : Ahmedabad

For and on behalf of the Board of Directors
(CIN : U29259GJ1986PLC008520)

Sd/-
____
Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-
____
Harish Rangwala
Managing Director
DIN: 00278062

Sd/-
____
Pilak Shah
Whole-time director and CFO

Sd/-
____
Kiran Mohanty
Chief Compliance Officer & CS

Date : 10-08-2018
Place : Ahmedabad

Annexure A - VII : Restated Standalone Statement of Dividend Paid

(Rs. In Millions)

Particulars	**For the Year Ended 31st March 2018 (Ind AS)**	**For the Year Ended 31st March 2017 (Ind AS)**	**For the Year Ended 31st March 2016 (Proforma Ind AS)**
Interim Dividend on Equity Shares	-	-	60.21
Corporate Dividend Tax	-	-	12.26
Total	-	-	72.46
Rate Of Dividend on Equity Shares (%):			
On Equity Shares	0%	0%	50%
Dividend per Equity Shares Rupee	-	-	5

The Company has declared dividend of Rs. 5/- per equity share amounting to Rs 602.07 Lakhs and dividend distribution tax of Rs. 123.79 Lakhs thereto for the year ended 31st March, 2018.

For Pankaj R. Shah & Associates
Chartered Accountants
FRN No.: 107361W

Sd/-

CA Nilesh Shah
Designated Partner
M. No. : 107414

Date : 10-08-2018
Place : Ahmedabad

For and on behalf of the Board of Directors
(CIN : U29259GJ1986PLC008520)

Sd/-

Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-

Harish Rangwala
Managing Director
DIN: 00278062

Sd/-

Pilak Shah
Whole-time director and CFO

Sd/-

Kiran Mohanty
Chief Compliance Officer & CS

Date : 10-08-2018
Place : Ahmedabad

Annexure A- VIII : Restated Standalonetatement of Accounting Ratios

(Rs. In Millions)

Particulars	**For the year ended 31st March 2018 (Ind AS)**	**For the year ended 31st March 2017 (Ind AS)**	**For the year ended 31st March 2016 (Proforma Ind AS)**
Earning Per Share (EPS) :			
Restated Net profit/(Loss) for the year after tax	**608.20**	**327.38**	**302.81**
Less: Dividend on cumulative redeemable preference shares including tax thereon	-	-	-
Restated net profit / (Loss) for the year attributable to equity shareholders for basic EPS	**608.20**	**327.38**	**302.81**
Add: Dividend on cumulative convertible preference shares including tax thereon	-	-	-
Restated net profit / (Loss) for the year attributable to equity shareholders for diluted EPS	**608.20**	**327.38**	**302.81**
Weighted Average Number of equity shares outstanding during the year (for calculating basic EPS)			
Equity Share Capital as on 31st March	12,041,400.00	12,041,400.00	12,041,400.00
Add: Bonus Issue [27-06-2018]	12,041,400.00	12,041,400.00	12,041,400.00
Weighted Average Number of equity shares outstanding during the year After Bonus Issue (for calculating basic EPS)	**24,082,800.00**	**24,082,800.00**	**24,082,800.00**
Add: Potential equity shares that could arise on conversion of preference shares	-	-	-
Weighted average number of equity shares outstanding during the year (for calculating diluted EPS)	**24,082,800**	**24,082,800**	**24,082,800**
Nominal value per share	10.00	10.00	10.00
Basic Earnings per Share - In ₹	25.25	13.59	12.57
Diluted Earnings per Share-In ₹	25.25	13.59	12.57
Return on Net Worth %	19.64%	13.14%	13.99%
Net asset value per equity share (₹)	128.62	103.46	89.89
@ Working of Net Asset Value per Equity Share:			
Networth (A)	3,097.42	2,491.64	2,164.76
Less: Preference Share Capital (B)	-	-	-
Net Worth(C= A-B)	3,097.42	2,491.64	2,164.76
No. of Equity Shares Outstanding at the end of the year			
Equity Share Capital as on 31st March	12,041,400	12,041,400	12,041,400
Add: Bonus Issue [27-06-2018]	12,041,400	12,041,400	12,041,400
No. of Equity Shares Outstanding at the end of the year (D)	**24,082,800**	**24,082,800**	**24,082,800**
Net asset value per equity share (₹)	128.62	103.46	89.89
Share Capital	120.41	120.41	120.41
Reserves and Surplus, as restated	2,977.01	2,371.23	2,044.35
Networth	**3,097.42**	**2,491.64**	**2,164.76**

1. The Ratios on the basis of Restated Standalone financial Information have Been computed as below:

Basic Earning Per Share (₹) = $\dfrac{\text{Net Profit as Restated, attributable to equity share holder}}{\text{Weighted Average Number of equity shares outstanding during the year *}}$

***"as adjusted to bonus issue made on [27-06-2018]"**

Diluted Earning Per Share (₹) = $\dfrac{\text{Net Profit as Restated, attributable to equity share holder}}{\text{Weighted Average Number of equity shares outstanding during the year *}}$

***"as adjusted to bonus issue made on [27-06-2018]"**

Return On Net Worth (%) = $\dfrac{\text{Net Profit after tax as restated (excluding extra ordinary Items)}}{\text{Net Worth as restated (Excluding Preference Share Capital) at the End Of the year}}$

Net asset value (NAV) per equity share (₹) = $\dfrac{\text{Net Worth as restated (Excluding Preference Share Capital) at the End Of the year}}{\text{Number of Equity shares outstanding at the end of the year*}}$

***"as adjusted to bonus issue made on [27-06-2018]"**

2. Earning per share calculations are done in accordance with Indian Accounting Standard 33 "Earnings Per Share" issued by the Institute of Chartered Accountants Of India.

3. Group does not have any Extra-Ordinary items and Revaluations reserve.

For Pankaj R. Shah & Associates
Chartered Accountants
FRN No.: 107361W

Sd/-
____
CA Nilesh Shah
Designated Partner
M. No. : 107414

Date : 10-08-2018
Place : Ahmedabad

For and on behalf of the Board of Directors
(CIN : U29259GJ1986PLC008520)

Sd/-
____
Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-
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Managing Director
DIN: 00278062

Sd/-
____
Pilak Shah
Whole-time director and CFO

Sd/-
____
Kiran Mohanty
Chief Compliance Officer & CS

Date : 10-08-2018
Place : Ahmedabad

Harsha Engineers Limited

Annexure B - I : Restated Standalone Statement Of Assets And Liabilities

₹ In Millions

Particular	Note No.	As at 31st March 2015 ₹		As at 31st March 2014 ₹	
I Equity and Liabilities					
(1) SHAREHOLDERS' FUNDS					
Share Capital	1	120.41		120.41	
Reserves and Surplus	2	1,816.76	1,937.17	1,697.97	1,818.38
(2) NON-CURRENT LIABILITIES					
Long-term borrowings	3	355.46		481.92	
Deferred tax liabilities(Net)	4	46.27		88.37	
Other Long-term liabilities	5	13.00		12.43	
Long-term Provisions	6	27.53	442.26	8.26	590.98
(3) CURRENT LIABILITIES					
Short-term borrowings	7	774.48		873.42	
Trade payable	8	375.06		324.96	
Other current liabilities	9	288.03		218.22	
Short-term Provisions	10	108.09	1,545.66	101.52	1,518.12
			3,925.08		3,927.48
II Assets					
(1) NON-CURRENT ASSETS					
a Fixed Assets					
(i) Tangible Assets		1,186.69		1,229.83	
(ii) Intangible Assets		6.33		14.74	
(iii) Capital Work in Progress		1.48		5.46	
	11	1,194.50		1,250.03	
b Non-current investments	12	674.54		629.17	
c Long-term loans & advances	13	82.49		88.38	
d Other non-current assets		-	1,951.53	-	1,967.58
(2) CURRENT ASSETS					
a Current investments	14	7.57		105.00	
b Inventories	15	959.55		838.74	
c Trade receivables	16	630.57		607.30	
d Cash & cash equivalents	17	167.09		146.26	
e Short-term loans & advances	18	208.78	1,973.56	262.60	1,959.90
			3,925.08		3,927.48

See accompanying notes to the financial statements

The above statement should be read with the Company Overview and Significant Accounting Policies appearing in Annexure B-IV, Notes to the Restated Standalone Financial Information appearing in Annexure B-IV, Statement of Adjustmets to Audited Standalone Financial Statements appearing in Annexure B -V, Restated Standalone Statement of Dividend Paid appearing in Annexure B-VI,and Restated Standalone Statement of Accounting Ratios appearing in Annexure B-VII.

As per our Report of even date attached
For Pankaj R.Shah & Asssociates
Chartered Accountants
FRN No.:107361W

Sd/-

CA Nilesh Shah
Designated Partner
M.No.107414
Date: 10-08-2018
Place:Ahmedabad

For & on behalf of the Board of Directors

Sd/-
Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-
Harish Rangwala
Managing Director
DIN: 00278062

Sd/-
Pilak Shah
Whole-time director and CFO

Sd/-
Kiran Mohanty
Chief Compliance Officer & CS

Date: 10-08-2018
Place:Ahmedabad

Harsha Engineers Limited

Annexure B - II : Restated Standalone Statement Of Profit And Loss Account

₹ In Millions

Particular	**Note No.**	**For the Year Ended 31st March 2015 ₹**	**For the Year Ended 31st March 2014 ₹**
REVENUE :			
Revenue from Operations	19	3,564.30	3,038.72
Other Income	20	113.53	154.71
TOTAL REVENUE		3,677.83	3,193.43
EXPENSES :			
Cost of Material Consumed	21	1,773.21	1,497.15
Change in Inventories of Finished Goods & Work-in-progress	22	(110.15)	(6.44)
Employee Benefits Expenses	23	448.44	388.49
Finance Costs	24	137.36	98.58
Depreciation and Amortization Expense	11	199.29	146.93
Other Expenses	25	864.44	668.40
TOTAL EXPENSES		3,312.59	2,793.11
PROFIT BEFORE TAXATION		365.24	400.32
Less : Tax Expenses			
(a) Current Tax		157.45	176.70
(b) Deferred Tax		(22.25)	(5.21)
		135.20	171.49
PROFIT AFTER TAXATION		230.04	228.83
Adjusted Earnings per Equity share* Rs.(basic and diluted)	Annexure B-VII	9.55	9.50
(*Adjusted EPS has been worked out considering the bonus issue) as on 27-06-2018			

See accompanying notes to the financial statements

The above statement should be read with the Company Overview and Significant Accounting Policies appearing in Annexure B-IV, Notes to the Restated Standalone Financial Information appearing in Annexure B-IV, Statement of Adjustmets to Audited Standalone Financial Statements appearing in Annexure B -V, Restated Standalone Statement of Dividend Paid appearing in Annexure B-VI,and Restated Standalone Statement of Accounting Ratios appearing in Annexure B-VII.

As per our Report of even date attached
For Pankaj R.Shah & Asssociates
Chartered Accountants
FRN No.:107361W

Sd/-

CA Nilesh Shah
Designated Partner
M.No.107414
Date: 10-08-2018
Place:Ahmedabad

For & on behalf of the Board of Directors

Sd/-
Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-
Harish Rangwala
Managing Director
DIN: 00278062

Sd/-
Pilak Shah
Whole-time director and CFO

Sd/-
Kiran Mohanty
Chief Compliance Officer & CS

Date: 10-08-2018
Place:Ahmedabad

Harsha Engineers Limited

Annexure B - III : Restated Standalone Statement Of Cash Flows

₹ In Millions

	PARTICULARS	For the Year Ended 31.03.2015		For the Year Ended 31.03.2014	
		SUBTOTAL	TOTAL	SUBTOTAL	TOTAL
(A)	**Cash Flow from Operating Activities**				
	Net Profit Before Tax and Exceptional Items	365.24		400.32	
	Adjustment for:				
	Current Tax	(157.45)		(176.70)	
	Depreciation				
	Depreciation In Respect Of Asset sale	(58.36)		-	
	Interest Expenses	137.36		98.58	
	Interest Income	(25.29)		(26.01)	
	Dividend Income				
	Profit/Loss on sale of Fixed Assets (Net)	1.36		(15.66)	
	Profit/Loss on sale of Current Investments (Net)	(1.73)		(3.04)	
	Operating profit before Working Capital changes	**261.13**		**277.49**	
	Adjustment for:				
	Trade receivables	(23.27)		(18.13)	
	Inventories	(121.08)		(116.67)	
	Other Current Liabilities	69.81		48.70	
	Short Term Loans And Advances	53.82		(130.12)	
	Provision	25.84		3.57	
	Short Term Borrowing	(98.94)		111.96	
	Trade Payables	50.10		118.59	
	Cash Generated from Operations	**217.41**		**295.39**	
	Direct Taxes Paid (Net)	-		-	
	Net cash from Operating Activities		**217.41**		**295.39**
(B)	**Cash Flow from Investing Activities**				
	Purchase of Fixed Assets				
	Sale of Fixed Assets	54.17		62.09	
	Sale of Investments	99.16		18.04	
	Equity Investment in subsidiaries	(45.37)		(463.16)	
	Long Term Loans & Advances	5.89		(9.67)	
	Interest received	25.29		26.01	
	Net Cash from / (used in) Investing Activities		**139.14**		**(366.69)**
(C)	**Cash Flow from Financing Activities**				
	Proceeds from borrowings	(126.46)		296.33	
	Other Long Term Liabilities	0.57		(16.62)	
	Interest paid	(137.36)		(98.58)	
	Dividends paid (Including DDT)	(72.47)		(70.44)	
	Net Cash from / (used in) financing activities		**(335.72)**		**110.69**
(D)	**Net increase / (Decrease) in Cash and Cash Equivalent**		20.83		39.39
	Cash and Cash equivalent at beginning of the year		146.26		106.87
	Cash and Cash equivalent at end of the year		167.09		146.26
	Net Balance - Increase (Decrease)		**20.83**		**39.39**

The cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 (AS 3) on "Cash flow Statements".

The above statement should be read with the Company Overview and Significant Accounting Policies appearing in Annexure B-IV, Notes to the Restated Standalone Financial Information appearing in Annexure B-IV, Statement of Adjustmets to Audited Standalone Financial Statements appearing in Annexure B -V, Restated Standalone Statement of Dividend Paid appearing in Annexure B-VI,and Restated Standalone Statement of Accounting Ratios appearing in Annexure B-VII.

As per our Report of even date attached
For Pankaj R.Shah & Asssociates
Chartered Accountants
FRN No.:107361W

Sd/-

CA Nilesh Shah
Designated Partner
M.No.107414
Date: 10-08-2018
Place:Ahmedabad

For & on behalf of the Board of Directors

Sd/-

Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-

Harish Rangwala
Managing Director
DIN: 00278062

Sd/-

Pilak Shah
Whole-time director and CFO

Sd/-

Kiran Mohanty
Chief Compliance Officer & CS

Date: 10-08-2018
Place:Ahmedabad

1. BASIS OF ACCOUNTING:

The financial statements are prepared under historical cost convention and to comply, in all material respects, with the notified accounting standards issued by the Companies Accounting Standard Rules - 2006 and the relevant provisions of Companies Act, 2013. Accounting Policies have been consistently applied by the company.

2. USE OF ESTIMATES:

The preparation of the financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Management believes that the estimates used in the preparation of financial statement are prudent and reasonable. Future results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

3. INVENTORY:

Inventory of Raw materials and Stores and Spares are valued at cost, net of cenvat,VAT, on weighted average basis. Inventory of toolings is valued at cost, as reduced by normal wear and tear, if any, as certified by management. Inventory of Semi finished goods are valued at standard cost, based on actual cost of production. Inventory of finished goods is valued at lower of cost or net realizable value and relevant excise duty at applicable rates has been added.

4. REVENUE RECOGNITION:

(a) In appropriate circumstances, revenue is recognized on accrual basis when no significant uncertainty as to determination or realization exists.

(b) Sales are accounted for on gross sales less excise duty. Sales do not include inter division transfer. Sales are accounted on dispatch of goods from the company premises,whether owned or rented.

(c) The profit or loss on account of hedging of foreign currency export sales transactions has been merged with export sales account as both are inter-dependent and inter-connected & hedging is done on underlying of exports, as base.

(d) All the items of expenses and income are accounted on accrual basis, except overdue interest on invoices and certain unforeseen income, which are accounted on receipt basis.

(e) Export incentives under the “Duty Entitlement Pass Book Scheme”(DEPB), "Duty draw back"(DDB), "Focus Product Scheme" (FPS),"Focus Market Scheme" (FMS)"Market Linked Focus Product Scheme" (MLFPS), "Status Holder Incentive Scrip" (SHIS) are accounted in the year of export.

5. FIXED ASSETS AND DEPRECIATION:
Tangible fixed assets are stated at cost of acquisition less accumulated depreciation / amortization. The cost of acquisition includes inward freight, non-refundable duties, taxes and other directly attributable incidental expenses, net of cenvat credit and value added tax and excluding foreign exchange fluctuation gain / loss on imported assets. Depreciation is provided as per straight Line method on the basis of useful life specified in Schedule II of The Companies Act, 2013.Intangible assets are recorded at consideration paid for the acquisition of such assets and are

6. TRANSACTIONS IN FOREIGN CURRENCIES:

Foreign Currency transaction 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 transactions. Foreign Currency Monetary items are reported using the closing rate. Non Monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction. Exchange differences arising on the settlement of monetary items as well as gain / loss on hedging transaction are recognized as income or as expense in the year in which they arise. Export Sales are accounted for at the Custom exchange rates specified every month by the Customs Authorities. Monetary assets & liabilities denominated in foreign currency remaining unsettled at the year-end are translated at closing rates.

7. INVESTMENTS:
Long Term investments are stated at cost unless there is permanent diminution in value as at the date of the Balance sheet. Current investments are stated at lower of cost and market value. Diminution in value is charged to Statement of Profit & Loss.

8. EMPLOYEE BENEFITS:

(a) Short – Term Employee Benefits:

Employee benefits payable within twelve months of rendering the service are classified as short term employee benefits., Short term employee benefits like Bonus, Casual Leaves are recognised as an expense on accrual basis.

(b) Post – Employment Benefits:

i. Defined Contribution Plans:

The State governed provident fund scheme and Labour Welfare Fund scheme are considered as defined contribution plans. The contribution under the schemes is recognised as an expense in the Statement of Profit and Loss, when an employee renders the related service. There are no other obligations other than the contribution payable to the respective funds.

ii. Defined Benefit Plans:

The Company has defined benefit plan for Post – Employment Benefit in the form of Gratuity for employees, which is managed by trust and administered through Life Insurance Corporation of India (LIC) and HDFC Standard Life Insurance Company Ltd. The Company's liability is determined on the basis of an actuarial valuation using the projected unit credit method as at Balance Sheet date. Actuarial gains / losses are recognized immediately in the statement of Profit and Loss in the year in which they arise.

iii. Other Long – Term Employee Benefits:

The company provides for the encashment of privilege leaves with pay subject to certain rules. Company managed Leave Fund through Life Insurance Corporation of India (LIC). The employees are entitled to accumulate leave subject to certain different limits for future encashments. The liabilities is provided based on the number of days of unutilised leave at each balance sheet date on the basis of an independent actuarial valuation.

9. BORROWING COST:

Borrowing Cost relating to acquisition, construction of fixed assets or production of qualifying assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to period till such assets are ready to be put to use . Other borrowing Cost are recognized as an expense in the period in which these are incurred.

10. SEGMENT REPORTING:

In terms of AS-17 on "Segment Reporting" the company neither has more than one business segment nor more than one geographical segment requiring separate disclosures as there are no more distinguishable component or economic environments of the enterprise engaged in providing individual product or service or a group of related products or services and the same are not subjected to different risks and returns either of business or geographical segments.

11. LEASE:

(a) Assets acquired under lease where the company has substantially all risk and rewards incidental to ownership are classified as finance leases. Such assets are capitalized at the inception of lease at the lower of fair value or the present value of minimum lease payment and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability of each period. There are no finance lease transactions entered in to by the company.

(b) Assets acquired on lease where a significant portion of risk and rewards incidental to ownership is retained by the lessor are classified as operating lease. Lease rental are charged to the satement of profit and loss on accrual basis.

12. EARNING PER SHARE:

The basic earning per Share is calculated by dividing the Net profit or loss for the year attributable to Equity Shareholders by the weighted average number of equity shares outstanding during the year. The basic and diluted EPS are same as the company has no such instruments.

13. ACCOUNTING FOR TAXES ON INCOME:

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized if there is virtual certainty that sufficient future taxable income will be available against which such assets can be realized. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. Such assets are reviewed at each Balance sheet date to reassess realization. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

14. RESEARCH AND DEVELOPMENT :

Since various years in past, the Company has been carrying on various activities such as design, development, engineering, cost reduction and various similar activities which are, partly or fully falling in the nature of research and development activities. The company has not classified various capital and revenue expenditure related to the research and development activities separately in the audited books of account. However the detailed information is available separately for any such reference.

15. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

NOTE 1 : SHARE CAPITAL — **₹ In Millions**

Particulars	31st March,2015	31st March,2014
Authorised Share Capital		
15,000,000 Equity Shares of Rs.10/ each	150.00	150.00
Issued, Subscribed & Paid Up Capital		
12,041,400 Equity Shares of Rs.10/- each	120.41	120.41
Total	**120.41**	**120.41**

1.1 : The reconciliation of the number of shares outstanding is set out below :

Particulars	31st March,2015	31st March,2014
Equity Shares at the beginning of the year	12,041,400	12,041,400
Add: Shares Issued during the year	-	-
Less: Shares bought back during the year	-	-
Equity Shares outstanding at the end of the year	12,041,400	12,041,400

1.2 : The details of Shareholders holding more than 5% shares :

Particulars		31st March,2015	31st March,2014
Name of Shareholder	**Holding in %**	**No. of Shares held**	
Mr. Rajendra S. Shah	- 14.97 %	1,802,690	1,802,700
Smt. Nirmala R. Shah	- 14.95 %	1,800,000	1,800,000
Mr. Pilak R. Shah	- 9.97 %	1,200,000	1,200,000
Mr. Harish R. Rangwala	- 24.93 %	3,001,346	3,000,000
Smt. Charusheela H. Rangwala	- 24.93 %	3,001,348	3,000,000

NOTE 2 : RESERVES & SURPLUS — **₹ In Millions**

Particulars	31st March,2015	31st March,2014
General Reserve :		
Opening Balance	325.40	293.90
Add : Current Year Transfer	25.76	31.50
Closing Balance	351.16	325.40

Harsha Engineers Limited
Annexure B -IV : Notes To Restated Standalone Financial Information

Surplus (Profit & Loss Account) :		
Opening Balance	1,372.57	1,245.68
Less: Due To changes in Inventory Valuation		
Add: Net Profit/(Net Loss) For the current year	230.04	228.83
Less: Depreciation in respect of assets whose useful life	58.36	-
Add: DTA on Depreciation charged to retained earnings	19.84	-
Less: Proposed Dividend	60.21	60.21
Less: Dividend Distribution Tax	12.26	10.23
Less: Transfer to General Reserve	25.76	31.50
Closing Balance	1,465.60	1,372.57
Total	**1,816.76**	**1,697.97**

NOTE 3 : LONG-TERM BORROWINGS — **₹ In Millions**

Particulars	31st March,2015	31st March,2014
SECURED LOANS		
From STATE BANK OF INDIA (Hypothecation of movable assets of Changodar and Moraiya unit except plant and machineries of DGBB unit and Brass Moraiya unit.)	-	20.00
From CITI BANK N.A. (First paripassu charge on land building of Moraiya Plant & exclusive charge on movable fixed assets of the Brass Moraiya unit)	165.63	228.13
From ICICI BANK LTD. (Secured by exclusive charge on 1MW Solar Power Plant and collateraly secured by plant and machinery of DGBB Unit)	69.83	83.79
From HSBC LTD. (First paripassu charge on land &building of Moraiya Plant)	120.00	150.00
Total	**355.46**	**481.92**

Terms of Repayment : — **₹ In Millions**

Particulars	31st March,2015	31st March,2014
1-2 Years	115.72	126.47
2-3 Years	124.06	115.72
3-4 Years	115.68	124.06
Beyond 4 Years	-	115.68

NOTE 4 : DEFERRED TAX LIABILITIES (NET) — **₹ In Millions**

As required by the Accounting Standard AS-22 “Accounting for taxes on income”, the major components of deferred

Partucular	31st March,2015	31st March,2014
Opening Balance of Net Deferred Tax Liability/(Ass	**88.36**	**93.57**
Deferred Tax Liability		
Difference between book and tax depreciation	-	-
Allowable under Income-tax Act 1961	10.90	15.03
Deferred Tax Liability	**10.90**	**15.03**
Deferred Tax Assets		
Difference between book and tax depreciation	17.96	5.00
Disallowable under Income-tax Act 1961	15.19	15.23
Deferred Tax Assets	**33.15**	**20.23**
Net Deferred Tax Asset impact of current year :	**22.25**	**5.20**
Deferred Tax Assets		
Differences of re-calculated book deprecation of assets transfer to Reserve, As per CA,2013	19.84	-
Closing Balance of Net Deferred Tax Liability/(Asse	**46.27**	**88.37**

NOTE 5 : OTHER LONG-TERM LIABILITIES — **₹ In Millions**

Particulars	31st March,2015	31st March,2014
Contingent Deposit from Vendor	10.06	9.05
Advance from Staff	2.94	3.38
Advances from Customers(Other Than Goods)	-	-
Total	**13.00**	**12.43**

Harsha Engineers Limited
Annexure B -IV : Notes To Restated Standalone Financial Information

NOTE 6 : LONG-TERM PROVISIONS ₹ In Millions

Particulars	31st March,2015	31st March,2014
Provision For Employees Benefits	27.53	8.26
Total	**27.53**	**8.26**

NOTE 7 : SHORT-TERM BORROWINGS ₹ In Millions

Particulars	31st March,2015	31st March,2014
SECURED LOANS (Loans repayable on demand)		
From STATE BANK OF INDIA		
Cash Credit Account	9.02	163.38
Working Capital Demand Loan (INR)	-	-
Bills Discounted and Export Packing Credit	6.81	-
	15.83	**163.38**
(Secured by Hypothecation of Inventories, debtors ranking pari passu with Citibank and collateral security by way of Hypothecation of movable assets except plant and Machineries of DGBB unit and Brass Moraiya unit & immovable asset of changodar plant)		
From CITI BANK N.A.		
Cash Credit Account	-	48.60
Working Capital Demand Loan (FCNR B)	125.00	119.84
Bills Discounted and Export Packing Credit	133.59	44.48
	258.59	**212.92**
(Secured by hypothecation of Inventories, debtors ranking pari passu with SBI)		
UNSECURED LOANS		
Deposits from Shareholders and Others	194.52	214.07
Loan from Directors	135.54	208.05
Loans from Bank	170.00	75.00
	500.06	**497.12**
Total	**774.48**	**873.42**

NOTE 8 : TRADE PAYABLES ₹ In Millions

Particulars	31st March,2015	31st March,2014
Creditors for goods and services	375.06	324.96
Total	**375.06**	**324.96**

NOTE 9 : OTHER CURRENT LIABILITIES ₹ In Millions

Particulars	31st March,2015	31st March,2014
Current maturities of long term debt	170.97	108.12
Interest accrued but not due on borrowings	3.67	4.29
Interest accrued and due on borrowings	3.13	0.65
Advances from Customers	0.83	0.40
Statutory Liabilities	97.68	92.92
Other Liabilities	11.75	11.84
Total	**288.03**	**218.22**

NOTE 10 : SHORT-TERM PROVISIONS ₹ In Millions

Particulars	31st March,2015	31st March,2014
Provision for Taxation (Net of Advance Tax)	35.62	23.83
Provision for Employees Benefits	-	7.25
Provision for Proposed Dividend	60.21	60.21
Provision for Corporate Dividend Tax	12.26	10.23
Total	**108.09**	**101.52**

HARSHA ENGINEERS LIMITED

NOTE 11 : FIXED ASSETS AND DEPRECIATION AS ON 31ST MARCH 2015 **₹ In Millions**

Fixed Assets	Gross Block				Accumulated Depreciation						Net Block	
	Balance as at 1 April 2014	Additions/ (Disposals)	Class to Class	Balance as at 31 March 2015	Balance as at 1 April 2014	Depreciati on charge for the year	Depreciation for assets whose of useful	Class to Class	On disposals	Balance as at 31 March 2015	Balance as at 1 April 2015	Balance as at 31 March 2014
A.Tangible Assets												
Land	49.42	3.27	-	52.69	-	-	-	-	-	-	52.69	49.42
Buildings	517.61	24.45	(25.32)	516.74	83.92	14.65	-	4.18	-	94.39	422.35	433.69
Plant and Equipment	1,616.43	30.37	(242.50)	1,404.30	1,009.90	127.17	39.74	66.95	70.91	1,038.95	365.35	606.53
Furniture and Fixtures	60.93	14.93	-	75.86	23.81	7.88	1.52	-	0.28	32.93	42.93	37.11
Vehicles	38.55	(4.22)	-	34.33	12.11	4.53	0.05	-	3.82	12.87	21.46	26.44
Office equipment	14.02	1.47	-	15.49	2.75	3.23	2.25	-	0.11	8.12	7.37	11.27
Electrical Fittings	53.91	30.46	-	84.37	22.15	8.57	1.41	-	0.58	31.55	52.82	31.76
Computer & Peripherals	30.62	5.51	(10.78)	25.35	24.84	4.10	0.96	11.38	0.46	18.06	7.29	5.78
AC Plant and ACs	40.77	2.65	-	43.42	12.94	5.53	9.44	-	-	27.91	15.51	27.83
Server & Network	-	0.60	9.68	10.28	-	0.63	-	(7.78)	-	8.41	1.87	-
Carpeted Roas-RCC	-	-	25.32	25.32	-	7.83	1.79	(4.18)	-	13.80	11.52	-
Laboratory Equipment	-	16.40	20.48	36.88	-	2.29	-	(9.18)	3.52	7.95	28.93	-
Solar Machinery	-	-	153.10	153.10	-	5.60	-	(17.99)	-	23.59	129.51	-
Wind Mill	-	-	68.91	68.91	-	2.05	-	(39.77)	-	41.82	27.09	-
Total (a)	**2,422.26**	**125.89**	**(1.11)**	**2,547.04**	**1,192.42**	**194.06**	**57.16**	**3.61**	**79.68**	**1,360.35**	**1,186.69**	**1,229.83**
B.Intangible Assets												
Computer software	36.27	(0.26)	1.10	37.11	21.53	5.24	1.20	(3.61)	0.80	**30.78**	6.33	14.74
Total (b)	**36.27**	**(0.26)**	**1.10**	**37.11**	**21.53**	**5.24**	**1.20**	**(3.61)**	**0.80**	**30.78**	**6.33**	**14.74**
C.Capital Work In Progress	5.46	(3.98)	-	1.48	-	-	-	-	-	-	1.48	5.46
Total [c]	**5.46**	**(3.98)**	**-**	**1.48**	**-**	**-**	**-**	**-**	**-**	**-**	**1.48**	**5.46**
Total (a + b + c)	**2,463.99**	**121.65**	**(0.01)**	**2,585.63**	**1,213.95**	**199.29**	**58.36**	**(0.00)**	**80.48**	**1,391.13**	**1,194.50**	**1,250.03**

Note :We have implemented Companies Act 2013 for calculating depreciation on fixed asset. Because of this transition phase we have charged additional depreciation of 418.32 lacs during 2014-15.

HARSHA ENGINEERS LIMITED

NOTE 11 : FIXED ASSETS AND DEPRECIATION AS ON 31ST MARCH 2014 ₹ In Millions

Fixed Assets	Gross Block			Accumulated Depreciation				Net Block	
	Balance as at 1 April 2013	Additions/ (Disposals)	Balance as at 31 March 2014	Balance as at 1 April 2013	Depreciation charge for the year	On disposals	Balance as at 31 March 2014	Balance as at 31 March 2014	Balance as at 31 March 2013
A.Tangible Assets									
Land	55.25	(5.83)	49.42	-	-	-	-	49.42	55.25
Buildings	347.64	169.97	517.61	73.10	10.83	0.01	83.92	433.69	274.54
Plant and Equipment	1,516.43	43.92	1,560.35	870.20	111.98	2.45	979.74	580.61	646.22
Furniture and Fixtures	54.21	6.72	60.93	20.31	3.50	-	23.81	37.11	33.89
Vehicles	45.60	(7.04)	38.55	11.41	3.98	3.28	12.11	26.44	34.19
Office equipment	15.38	(1.36)	14.02	3.77	0.72	1.74	2.75	11.27	11.61
Electrical Fittings	52.96	0.95	53.91	19.71	2.45	-	22.15	31.76	33.25
Tools & Equipments	56.46	(0.38)	56.08	26.18	5.16	1.18	30.16	25.92	30.28
Computer & Peripherals	28.64	1.98	30.62	19.42	5.44	0.03	24.83	5.78	9.22
AC Plant and ACs	39.95	0.82	40.77	10.17	2.77	-	12.94	27.83	29.78
Total (a)	**2,212.50**	**209.75**	**2,422.25**	**1,054.27**	**146.83**	**8.68**	**1,192.42**	**1,229.83**	**1,158.23**
B.Intangible Assets									
Computer software	36.02	0.26	36.27	21.43	0.10	-	21.53	14.74	14.59
Total (b)	**36.02**	**0.26**	**36.27**	**21.43**	**0.10**	**-**	**21.53**	**14.74**	**14.59**
C.Capital Work In Progress	123.61	(118.15)	5.46	-	-	-	-	5.46	123.61
Total [c]	**123.61**	**(118.15)**	**5.46**	**-**	**-**	**-**	**-**	**5.46**	**123.61**
Total (a + b + c)	**2,372.13**	**91.85**	**2,463.98**	**1,075.70**	**146.93**	**8.68**	**1,213.95**	**1,250.03**	**1,296.43**

Harsha Engineers Limited
Annexure B -IV : Notes To Restated Standalone Financial Information

NOTE 12 : NON-CURRENT INVESTMENTS — ₹ In Millions

In Equity Shares of Subsidiary Companies – Unquoted, Fully Paid Up	31st March,2015	31st March,2014
a) 10,000 Equity shares of **Harsha Engineers (India) Pvt. Ltd.** (Extent of Holding-100%)	0.10	0.10
b) 15,000 Equity shares of Rs.100 each of **Aastha Tools Pvt. Ltd.** (Extent of Holding-75%)	15.60	15.60
c) Equity shares of **Harsha Engineers Components (Changshu)Co.Ltd**.(Extent of Holding-100%)	138.91	138.91
d) 30,18,809 Equity shares of **Harsha Abakus Solar Pvt.Ltd.** (Extent of Holding-52.50%)	31.60	61.40
e) Equity shares of **Harsha Precision Bearings Components (China) Co. Ltd.** (Extent of Holding-100%) (Including Rs.2547.74 lacs in the form of short term loan, which is converted to equity on 14th April 2014)	488.33	413.16
f) 600 Equity shares of Euro 5000 each of Harsha Engineers B.V. (Extent of Holding-100%)		
Total	**674.54**	**629.17**

NOTE 13 : LONG-TERM LOANS & ADVANCES — ₹ In Millions

Particulars	31st March,2015	31st March,2014
(Unsecured, Considered Good)		
Capital Advances	11.24	20.37
Security Deposits	0.80	0.78
Loans to Subsidiaries	69.91	66.58
Loans to Employees	0.54	0.65
Other Loan & Advances	-	-
Total	**82.49**	**88.38**

NOTE 14 : CURRENT ASSETS — ₹ In Millions

Other Current Assets	31st March,2015	31st March,2014
Investment in Mutual Fund – Quoted, Fully Paid Up		
SBI Magnum Income Fund-Regular Plan-Growth (Units-172439.362)	5.00	5.00
Taurus Ultra Short Term Bond Fund - Direct Plan - SIG (Units-1523.4970)	2.57	-
Taurus Short Term income Fund-Direct Plan-Growth (Units-8,947.039)	-	20.00
Taurus Liquid Fund-Direct Plan SI-G (Units-21,660.614)	-	30.00
SBI Premier Liquid Fund-Regular Plan (Units-24,833.968)	-	50.00
	-	-
	7.57	105.00
Total	**7.57**	**105.00**
Market value of quoted investments	8.40	105.27

NOTE 15 : INVENTORIES — ₹ In Millions

Particulars	31st March,2015	31st March,2014
(As taken, valued & certified by Management)		
Raw Materials	123.12	121.48
Semi Finished Goods	33.66	29.03
Finished Goods	325.34	253.81
Stores & Spares	66.21	57.19
Toolings	411.22	377.23
Total	**959.55**	**838.74**

NOTE 16 : TRADE RECEIVABLES — ₹ In Millions

Particulars	31st March,2015	31st March,2014
Unsecured and Considered Good		
Receivables exceeding six months	36.85	50.41
Other Receivables	593.72	556.89
Total	**630.57**	**607.30**

Harsha Engineers Limited
Annexure B -IV : Notes To Restated Standalone Financial Information

NOTE 17 : CASH AND CASH EQUIVALENTS ₹ In Millions

Particulars	31st March,2015	31st March,2014
Cash on Hand	0.54	0.84
Balances with Banks		
In Current Accounts	19.61	109.79
In Fixed Deposit Accounts	146.94	35.60
(Rs.1000 lacs FD has been lien marked for fund base limit allocated by HDFC Bank Ltd. to Harsha Abakus Solar Pvt.Ltd.)		
In Margin Money Accounts	-	0.03
Total	**167.09**	**146.26**

NOTE 18 : SHORT-TERM LOANS AND ADVANCES ₹ In Millions

Particulars	31st March,2015	31st March,2014
(Unsecured, Considered Good)		
Balances with Govt. Authorities	123.08	95.30
Export Benefits Receivables	46.28	69.54
Prepaid Expenses	15.55	18.51
Advances to Suppliers	0.72	1.67
Loans to Employees	0.80	1.29
Income Receivable & Other Advances	15.15	66.51
Freight Receivables	7.20	9.78
Total	**208.78**	**262.60**

NOTE 19 : REVENUE FROM OPERATIONS ₹ In Millions

Particulars	2014-15	2013-14
Gross Sales (Domestic)	1,732.12	1,567.43
Gross Sales (Export)	2,058.51	1,686.39
Gross Sales	**3,790.63**	**3,253.82**
Less: Excise Duty	171.43	165.32
Less: Sales Tax	54.90	49.78
Net Revenue From Operations	**3,564.30**	**3,038.72**

NOTE 20 : OTHER INCOME ₹ In Millions

Particulars	2014-15	2013-14
Recurring Income		
Wind Mill Power Generation	12.33	11.95
Solar Power Generation	23.30	23.46
MEIS Income		
DEPB/SHIS Income	2.29	8.94
Duty Drawback	34.03	30.61
Focus Product Scheme (FPS)	35.58	27.60
Focus Market Scheme (FMS)	3.74	2.79
Market Linked Focus Product Scheme (MLFPS)	(0.16)	(0.38)
Gain/(Loss) on Foreign Currency Transaction	(20.12)	16.01
Interest Income	25.29	26.01
Lease Rent & Miscellaneous Income	1.73	3.04
	118.01	**150.03**
Non-Recurring Income		
Net Gain/(Loss) on Sale of Investment	(4.48)	4.68
	(4.48)	**4.68**
Total	**113.53**	**154.71**

NOTE 21 : COST OF MATERIAL CONSUMED ₹ In Millions

Particulars	2014-15	2013-14
Consumption	1,767.53	1,492.41
Inward Transportation	5.68	4.74
Total	**1,773.21**	**1,497.15**

NOTE 22 : CHANGE IN INVENTORIES OF FINISHED GOODS & WORK IN PROGRES ₹ In Millions

Particulars	2014-15	2013-14
Semi finished goods opening stock	29.03	22.82
Less : Semi finished goods closing stock	33.66	29.03
Total (A)	**(4.63)**	**(6.21)**
Finished goods opening stock	253.81	252.68
Less : Finished goods closing stock	325.34	253.81
Total (B)	**(71.53)**	**(1.13)**

Toolings opening stock	377.23	378.13
Less : Toolings closing stock	411.22	377.23
Total (C)	**(33.99)**	**0.90**
Total (A+B+C)	**(110.15)**	**(6.44)**

NOTE 23 : EMPLOYEE BENEFITS EXPENSES ₹ **In Millions**

Particulars	2014-15	2013-14
Salaries,Wages,Allowances,Bonus etc.	350.92	289.96
Contribution to PF, FPF, ESI etc.	37.56	24.85
Staff Welfare	31.28	35.47
Remuneration to Directors	28.68	38.21
Total	**448.44**	**388.49**

23 (A) The Accounting Standard – 15 (revised 2005) on "Employee Benefits" AS 15 (revised 2005) issued by the

23 (B) Defined Contribution Plans: ₹ **In Millions**

The Company has recognized the following amounts in the Statement of Profit and Loss for the year	2014-15	2013-14
Contribution to Employees' Provident Fund	11.73	10.85
Contribution to Employees' Pension Fund	12.42	9.46

23 (C) (1) Detailed Gratuity Benefit Plan ₹ **In Millions**

Particulars	2014-15	2013-14
(i) Assets and Liability (Balance Sheet Provision)		
Present value of Obligation as at the beginning	62.06	46.97
Fair Value of Plan Assets as at the end	51.04	43.67
Net Asset / (Liability)	(11.01)	(3.31)
(ii) Changes in the Present Value of Obligation		
Present value of obligation as at the beginning	46.97	44.46
Acquisition Adjustment	-	-
Interest cost	4.27	3.52
Past Service Cost	-	-
Current Service Cost	5.38	4.54
Curtailment Cost	-	-
Settlement Cost	-	-
Benefits Paid	(1.97)	(2.65)
Actuarial (Gain) / Loss of the Obligation	7.40	(2.89)
Present value of obligation as at the end	62.06	46.97
(iii) Changes in the Fair Value of Plan Assets		
Fair Value of Plan Assets as at the beginning	43.67	41.20
Acquisition Adjustment	-	-
Expected Return on Plan Assets	4.04	3.76
Employer's Contributions	4.29	1.50
Employees' Contributions	-	-
Benefits Paid	(1.97)	(2.65)
Actuarial Gain / (Loss)	1.02	(0.14)
Fair value of Plan Assets as at the end	51.04	43.67
(iv) Expenses recognised in the Profit and Loss Account		
Current Service Cost	5.38	4.54
Past Service Cost	-	-
Interest Cost	4.27	3.52
Expected return on Plan Assets	(4.04)	(3.76)
Curtailment Cost	-	-
Settlement Cost	-	-
Net actuarial (Gain) / Loss recognised in the period	6.38	(2.75)
Expenses recognised in statement of Profit and Loss	11.99	1.55

Harsha Engineers Limited
Annexure B -IV : Notes To Restated Standalone Financial Information

(v) Percentage of Plan Assets of Gratuity		
Fund Managed by Insurer	100%	100%
(vi) Actuarial Assumptions		
(a) Financial Assumptions		
Discount Rate (per annum)	7.80%	9.10%
Salary groth Rate (per annum)	6.00%	6.00%
Expected rate of return on Plan Assets (per annum)	8.75%	9.25%
(b) Demographic Assumptions		
Mortality Rate (% of IALM 06-08)	100.00%	100.00%
Withdrowal rates, based on age: (per annum)		
Upto 30 years	5% at younder ages reducing to 1% at older ages	5.00%
31 - 44 years		3.00%
Above 44 years		1.00%
23 (C) (2) Detailed Leave Encashment Benefit Plan		**₹ In Millions**
Particulars	**2014-15**	**2013-14**
(i) Assets and Liability (Balance Sheet Provision)		
Present value of Obligation as at the beginning	23.93	18.63
Fair Value of Plan Assets as at the end	7.42	6.84
Net Asset / (Liability)	(16.51)	(11.80)
(ii) Changes in the Present Value of Obligation		
Present value of obligation as at the beginning	18.63	18.03
Acquisition Adjustment	-	-
Interest cost	1.70	1.39
Past Service Cost	-	-
Current Service Cost	2.73	2.26
Curtailment Cost	-	-
Settlement Cost	-	-
Benefits Paid	(2.90)	(2.03)
Actuarial (Gain) / Loss of the Obligation	3.77	(1.02)
Present value of obligation as at the end	23.92	18.63
(ii) Changes in the Fair Value of Plan Assets		
Fair value of Plan Assets as at the beginning	6.84	6.09
Acquisition Adjustment	-	-
Expected Return on Plan Assets	0.62	0.56
Employer's Contributions	0.33	0.17
Employees' Contributions	-	-
Benefits Paid	(0.02)	-
Actuarial Gain / (Loss) on the Plan Assets	(0.35)	0.01
Fair value of Plan Assets as at the end	7.42	6.84
(iv) Expenses recognised in the Profit and Loss Account		
Current Service Cost	2.73	2.26
Past Service Cost	-	-
Interest Cost	1.70	1.39
Expected return on Plan Assets	(0.62)	(0.56)
Curtailment Cost	-	-
Settlement Cost	-	-
Net actuarial (Gain) / Loss	4.12	(1.03)
Expenses recognised in the statement of Profit and Loss	7.92	2.06
(v) Percentage of Plan Assets of Leave		
Fund Managed by Insurer	100%	100%
(vi) Actuarial Assumptions		
(a) Financial Assumptions		
Discount Rate (per annum)	7.80%	9.10%
Salary groth Rate (per annum)	6.00%	6.00%
Expected rate of return on Plan Assets (per annum)	8.75%	9.10%

Harsha Engineers Limited
Annexure B -IV : Notes To Restated Standalone Financial Information

(b) Demographic Assumptions		
Mortality Rate (% of IALM 06-08)	100.00%	100.00%
Withdrowal rates, based on age: (per annum)		
Upto 30 years	5% at younder ages reducing to 1% at older ages	5.00%
31 - 44 years		3.00%
Above 44 years		1.00%
Rate of Leave Availment (per annum)	10% at younger ages tapering to 2% at older ages	0.00%
Rate of Leave Encashment (per annum)	N/A	0.00%

The Estimates of future salary increases considered in actuarial valuation takes in to account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

NOTE 24 : FINANCE COST **₹ In Millions**

Particulars	2014-15	2013-14
Interest Expense		
On Term Loans	61.17	33.87
On Working Capital Loans	22.05	7.85
On Deposits	45.87	49.77
Interest to Others	0.26	0.28
Total (A)	**129.35**	**91.77**
Other Borrowing Costs		
Bank Charges & Processing Fees	8.01	6.81
Foreign Currency Conversion Charges	-	-
Total (B)	8.01	6.81
Total (A+B)	**137.36**	**98.58**

NOTE 25 : OTHER EXPENSES **₹ In Millions**

Particulars	2014-15	2013-14
STORES & PACKING		
Stores Consumed	188.45	157.23
Packing Materials Consumed	115.59	101.24
Total (A)	**304.04**	**258.47**
POWER & FUEL		
Factory power consumption	105.44	84.99
Total (B)	**105.44**	**84.99**
OPERATIVE EXPENSES		
Machinery Repairs	8.36	6.93
Windmill Repairs & Maintenance	1.88	1.80
Solar Repairs & Maintenance	1.47	1.89
Labour Charges	93.11	51.87
Non Quality Expenses	12.68	10.14
Non-Quality Expenses (Traveling)	2.76	1.52
Inward Cartage	7.01	5.10
Material Testing Charges	0.46	0.44
Water Charges	0.01	0.10
Total (C)	**127.74**	**79.79**
Particulars	**2014-15**	**2013-14**
ADMINISTRATIVE AND OTHER EXPENSES		
Advertisement & Sales Promotion	8.09	6.93
Audit Fees	1.08	0.83
Bad Debts	-	-
Boni	0.01	0.01
Books & Periodicals	0.21	0.17
Celebration Expenses	1.18	0.96
Computer Expenses	0.08	0.06
Conveyance	0.87	0.58
Cash Discount	1.46	1.84
Car Lease Rent	4.06	1.36
Car Fleet Management Exp.	0.85	0.35
Export Benefit Discount & Other Exp.	2.56	1.22

Harsha Engineers Limited
Annexure B -IV : Notes To Restated Standalone Financial Information

Domestic Freight	24.83	19.99
Domestic Traveling	2.66	2.73
Domestic Warehousing	-	-
Donation	0.53	0.34
Corporate Social Responsibility(CSR)	7.00	-
Excise Expenses	10.43	2.08
Export Expenses	1.67	1.26
Export Freight	162.82	128.78
Factory License Fees	0.06	0.06
Foreign Traveling Expenses	6.88	7.09
Gardening Expenses	0.89	0.73
General Expenses	12.21	9.06
Insurance Premium	1.64	1.14
Lease Rent	0.12	0.12
Legal & Professional Charges	14.01	15.04
Loss / (Profit) on Sale of Assets	1.36	(15.66)
Membership Fee & Seminar Exps.	0.46	0.72
Municipal Tax	0.13	0.06
Warehousing Expenses	15.88	14.09
Postage, telephone & telex	3.63	2.22
Product Liability Insurance	6.65	5.73
Quality Certification Exps.	0.60	0.38
Recruitment Expenses	1.81	1.57
Repairs & Maintenance	18.88	20.41
Round Off	(0.01)	(0.05)
Sales Tax	0.08	0.14
Security Service	6.27	5.34
Sundry Balances Written Off	(1.18)	2.53
Staff Training	1.74	0.93
Stationery & Printing	0.43	0.55
Transit Insurance	1.20	1.25
Vehicle Expenses	1.77	1.46
Wind mill Insurance	0.09	0.08
Xerox Expenses	0.76	0.60
Income-tax	0.29	(0.16)
Wealth Tax	0.18	0.23
Total (D)	**327.22**	**245.15**
Total (A+B+C+D)	**864.44**	**668.40**

NOTE 26 : CONTINGENT LIABILITIES NOT PROVIDED FOR : **₹ In Millions**

Particulars	2014-15	2013-14
(i) Letter of Credit / Letter of comfort & Bank Guarantee	185	195
(ii) Corporate guarantee for Harsha Abakus Solar Pvt. Ltd in favor of HDFC Bank Ltd.	200	200
(iv) Custom duty benefits towards duty free imports under EPCG license scheme in respect of which export obligation are yet to be discharged.	-	-

NOTE 27 : Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for Rs. 214.00 lacs.

NOTE 28 : LEASE

A. Disclosure in respect of assets taken on lease:

I. The Company has not taken any asset being in the nature of finance lease. The Company has acquired land on

Date of lease agreement	21st September 2004
Period of lease agreement	Fifteen Years
Total leasehold land	9.35 hectare
Lease rental p.a.	Rs. 11,000/- per hectare p. a.
Total lease rental	Rs. 102,850/-

The Company has recognized Rs. 115,562/- as lease rent (with Service Tax) expenses during the year for the aforesaid operating lease.

Harsha Engineers Limited
Annexure B -IV : Notes To Restated Standalone Financial Information

II. The Company has acquired various cars on operating lease for senior executives of the company and the details are

Period of lease agreement	Five Years
Total leasehold Cars	24 Nos.
Lease rental & Fleet Management Charges p.m.	Rs. 4,78,237/- p. m.
Total lease rental & Fleet Management Charges (with	Rs. 49,02,923/-

B. Disclosure in respect of assets given on lease:

Operating Lease

The Company has leased a portion of its corporate office and the factory premises to Harsha Abakus Solar Private

Date of lease agreement	1st April, 2014
Period of lease agreement	One Year
Total leasehold Property	5000 Sq. fts. in the Corporate Office at Changodar and 218 sq.
Lease rental p.a.	Rs.14,43,816/- per annum for the lease property in Corporate Office at Changodar and Rs. 3,07,000/- per annum for the leased property in Moraiya Plant at Moraiya.
Total lease rental	Rs. 17,50,816/- per annum

The Company has recognized Rs. 17,50,816/- as lease rent income during the year for the aforesaid operating lease.

NOTE 29 : RELATED PARTY TRANSACTIONS :

A : SUBSIDIARIES TRANSACTIONS : **₹ In Millions**

Nature of Transactions	2014-15	2013-14
Purchase of Goods / Job work / Assets / Reimbursment :		
Aastha Tools Pvt. Ltd.	115.71	91.52
Harsha Precision Bearing Components (China) Co., Ltd.	0.75	1.02
Harsha Abakus Solar Pvt. Ltd.	1.88	2.18
Harsha Engineering Components (Changshu) Co. Ltd.	1.34	6.58
Sales of Goods/ Assets/Lease Rent/ Reimbursement:		
Aastha Tools Pvt. Ltd.	0.14	0.28
Harsha Abakus Solar Pvt. Ltd.	2.13	3.35
Harsha Engineering Components (Changshu) Co. Ltd.	4.21	25.69
Harsha Precision Bearing Components (China) Co., Ltd.	5.11	-
Loans Given:		
Aastha Tools Pvt. Ltd.	-	0.98
Harsha Abakus Solar Pvt. Ltd.	-	304.50
Harsha Engineering Components (Changshu) Co. Ltd.	2.46	3.94
Loans Paid Back:		
Harsha Abakus Solar Pvt. Ltd.	56.00	248.50
Aastha Tools Pvt. Ltd.	-	3.85
Interest Income:		
Harsha Abakus Solar Pvt. Ltd.	2.47	12.99
Harsha Engineering Components (Changshu) Co. Ltd.	4.66	4.47
Aastha Tools Pvt. Ltd.	3.53	3.72
Equity Contribution/ (Disposal):		
Harsha Abakus Solar Pvt. Ltd.	(29.80)	50.00
Harsha Precision Bearing Components (China) Co., Ltd.	75.18	413.16

B : KEY MANAGEMENT PERSONNEL TRANSACTIONS : **₹ In Millions**

Nature of Transactions	2014-15	2013-14
Remuneration paid		
(1) Rajendra Shah	8.14	9.22
(2) Harish Rangwala	8.09	9.14
(3) Vishal Rangwala	6.84	7.69
(4) Pilak Shah	6.64	7.89
(5) Munjal Rangwala	-	5.29
(6) Hetal Ukani	0.67	0.62
(7) Harshendra Punjawat-CFO	2.96	2.40
(8) Bhavesh Jinger-CS	0.17	0.25

Harsha Engineers Limited
Annexure B -IV : Notes To Restated Standalone Financial Information

Dividend Paid		
(1) Rajendra Shah	9.01	9.01
(2) Harish Rangwala	15.01	15.01
(3) Pilak Shah	6.00	6.00
(4) Hetal Ukani	1.50	1.50
Loan Accepted		
(1) Rajendra Shah	181.63	161.50
(2) Harish Rangwala	53.87	69.00
(3) Vishal Rangwala	35.00	49.00
(4) Pilak Shah	122.55	86.60
(5) Munjal Rangwala	24.40	46.80
(6) Hetal Ukani	45.94	22.35
Loan Repaid		
(1) Rajendra Shah	252.00	158.50
(2) Harish Rangwala	74.50	65.00
(3) Vishal Rangwala	36.00	56.00
(4) Pilak Shah	109.30	72.60
(5) Munjal Rangwala	48.80	44.80
(6) Hetal Ukani	28.10	21.85
Interest Paid		
(1) Rajendra Shah	8.69	9.46
(2) Harish Rangwala	1.62	4.23
(3) Vishal Rangwala	2.04	2.39
(4) Pilak Shah	6.82	5.46
(5) Munjal Rangwala	8.64	2.84
(6) Hetal Ukani	2.00	1.51

Nature of Transactions	2014-15	2013-14
Dividend Paid		
(1) Charusheela Rangwala	15.01	15.00
(2) Nirmala Shah	9.00	9.00
(3) Mili Mehta	1.50	1.50
(4) Krina Shah	1.50	1.50
(5) Vaishali Shah	1.50	1.50
Deposits Accepted		
(1) Charusheela Rangwala	77.10	56.60
(2) Tanvi Rangwala	4.30	8.50
(3) Nirmala Shah	183.70	147.60
(4) Mili Mehta	27.30	21.80
(5) Krina Shah	40.90	34.60
(6) Vaishali Shah	23.50	18.95
(7) Zaverben Rangwala	3.85	7.29
(8) Harish Rangwala (HUF)	5.19	8.88
(9) Rajendra Shah (HUF)	11.28	19.01
Deposits Repaid		
(1) Charusheela Rangwala	92.40	47.60
(2) Tanvi Rangwala	4.30	9.70
(3) Nirmala Shah	177.70	141.60
(4) Mili Mehta	25.20	20.30
(5) Krina Shah	38.00	32.60
(6) Vaishali Shah	21.80	17.95
(7) Zaverben Rangwala	3.45	8.12
(8) Harish Rangwala (HUF)	4.74	8.68
(9) Rajendra Shah (HUF)	17.38	18.61
Interest Paid		
(1) Charusheela Rangwala	3.15	3.54
(2) Tanvi Rangwala	0.26	0.36
(3) Nirmala Shah	9.88	9.11
(4) Mili Mehta	1.53	1.36
(5) Krina Shah	2.33	2.14
(6) Vaishali Shah	1.29	1.17
(7) Zaverben Rangwala	0.45	0.41
(8) Harish Rangwala (HUF)	0.61	0.56
(9) Rajendra Shah (HUF)	0.82	1.16

Particulars	2014-15	2013-14
Export earnings	1990.47	1685.30

Harsha Engineers Limited

Annexure B -IV : Notes To Restated Standalone Financial Information

NOTE 30 : EXPENDITURE IN FOREIGN CURRENCY : ₹ In Millions

Particulars	2014-15	2013-14
(i)CIF Value of Imported material		
a) Raw Material & Spares	20.52	29.91
b) Capital Goods	41.13	22.08
(ii)Payment of Principal and Interest on Loan, Export Rejection, Commission etc.	81.51	149.78
(iii)Payment for Foreign Tour	4.00	2.58
(iv)Payment to Subsidiary as a Equity Investment	71.03	0.00
(v)Payment for Equity Purchase of Subsidiary Company	3.20	0.00
(vi)Payment for Chinese Company Acquisition	0.00	413.16

NOTE 31 : In the opinion of the Board, Current Assets, Loans and Advances are approximately of the value stated if realized in the ordinary course of business. The provisions for all known liabilities are adequate and not in excess of the amount reasonably necessary.

NOTE 32 : The Inventory amounting to Rs. 233.86 lacs (Previous Year Rs. 232.13 lacs) was lying with the job workers for future processing at the close of the year. Out of that majority of the confirmations have been received.

NOTE 33 : The Company has entered into a few Derivative/Forward/Option contracts to offset foreign currency risks arising from the amounts denominated in currencies other than the Indian Rupee. The counter parties to such contracts are banks. These contracts are entered into, to hedge the foreign currency risks. The actual gain/loss could vary and be determined only on settlement of the contract on their respective due dates.

NOTE 34 : Foreign Currency exposure at the year end not hedged by derivative instruments :

Particulars	31st March,2015	31st March,2014
Outstanding Foreign Customers		
- Receivable in USD	2,220,277	3,084,924
- Receivable in Eur	1,032,287	1,257,806
- Equivalent Rupee In Lacs (FEDAI rate considered)	208	289
Outstanding Import Suppliers		
- Payable in USD	63,114	26,278
- Payable in Eur	97,263	27,634
- Payable in SEK	32,214	68,257
- Payable in JPY	5,201,860	420,000
- Payable in CHF		
Outstanding Foreign Loans		
- Payable in USD	4,502,790	5,255,022
- Equivalent Rupee In Lacs (FEDAI rate considered)	281	315

NOTE 35 : INTER UNIT SALES TRANSACTIONS:

During the year there are few inter-unit sales transactions between the Changodar and Moraiya units within the

Particulars	From Changodar to Moraiya	From Moraiya to Changodar
Brass Casting Sales	Nil	162,268,739
Scrap Sales	6,487,740	792,992
Tools Sales	15,912,741	-
Asset Sales	79,202,214	8,587,475
Total	**101,602,696**	**171,649,206**

NOTE 36 : Balances of Debtors, Creditors and Loans & Advances are subject to confirmation. Adjustments, if any, will be made at the time of reconciliation of accounts. The confirmation in respect of sundry creditors has been called for during the year and 60 % confirmations have been received satisfactorily.

NOTE 37 : In the absence of any intimation from vendors regarding the status of their registration under the "Micro, Small and Medium Enterprises Development Act, 2006", the company is unable to comply with the disclosures require to be made under the said act.

NOTE 38 : Previous year's figures have been regrouped / reclassified to make them comparable with those of the

SIGNATURES TO NOTES **1 TO 38**

As per our Report of even date attached	For & on behalf of the Board of Directors	
For Pankaj R.Shah & Asssociates		
Chartered Accountants	Sd/-	Sd/-
	Rajendra S. Shah	**Harish R. Rangwala**
Sd/-	Wholetime director & CEO	Managing Director
	DIN: 00061922	DIN: 00278062
CA Nilesh Shah		
Designated Partner	Sd/-	Sd/-
M.No.107414		
Date: 10-08-2018	**Pilak Shah**	**Kiran Mohanty**
Place:Ahmedabad	Whole-time director and CFO	Chief Compliance Officer & CS

Harsha Engineers Limited

Annexure B - V : Statement Of Adjustment To Audited Standalone Financial Statements

₹ In Millions

Particulars	For the year ended 31st March 2015 (IGAAP)	For the year ended 31st March 2014 (IGAAP)
Net Profit After Tax (as per audited accounts)	258.76	314.96
Adjustment on account of		
Impact of Changes In Inventory Valuation Method	(1.10)	(7.11)
Impact of Revenue Recognition	(27.63)	(79.02)
	(28.72)	(86.13)
Restated Net Profit After Tax	230.04	228.83

As per our Report of even date attached
For Pankaj R.Shah & Asssociates
Chartered Accountants
FRN No.:107361W

Sd/-

CA Nilesh Shah

Designated Partner
M.No.107414
Date: 10-08-2018
Place:Ahmedabad

For & on behalf of the Board of Directors

Sd/-

Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-

Harish Rangwala
Managing Director
DIN: 00278062

Sd/-

Pilak Shah
Whole-time director and CFO

Sd/-

Kiran Mohanty
Chief Compliance Officer & CS

Date: 10-08-2018
Place:Ahmedabad

Annexure B - VI : Restated Standalone Statement of Dividend Paid

₹ In Millions

Particulars	For the Year Ended 31st March 2015	For the Year Ended 31st March 2014
Interim Dividend on Equity Shares	60.21	60.21
Corporate Dividend Tax	12.26	10.23
Total	72.47	70.44
Rate Of Dividend on Equity Shares (%):		
On Equity Shares	50%	50%
Dividend per Equity Shares Rupee	5	5

For Pankaj R. Shah & Associates
Chartered Accountants
FRN No.: 107361W

Sd/-

CA Nilesh Shah
Designated Partner
M.No.107414

Date: 10-08-2018
Place : Ahmedabad

For and on behalf of the Board of Directors

Sd/-

Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-

Harish Rangwala
Managing Director
DIN: 00278062

Sd/-

Pilak Shah
Whole-time director and CFO

Sd/-

Kiran Mohanty
Chief Compliance Officer & CS

Date: 10-08-2018
Place : Ahmedabad

ANNEXURE B-VII: RESTATED STANDALONE STATEMENT OF ACCOUNTING RATIOS

₹ in million

Particulars	For year ended 31/3/2015 (IGAAP)	For year ended 31/3/2014 (IGAAP)
Earning Per Share (EPS):		
Restated net profit after tax	230.04	228.83
Less: Dividend on cumulative redeemable preference shares including tax thereon	-	-
Restated Net Profit for the year attributable to equity shareholders for basic EPS	230.04	228.83
Add: Dividend on cumulative convertible preference shares including tax thereon	-	-
Restated Net Profit for the year attributable to equity shareholders for diluted EPS	230.04	228.83
Weighted average number of equity shares outstanding during the year (for calculating basic EPS)		
Equity Share Capital as on 31st March	12,041,400	12,041,400
Add: Bonus Issue [as on 27-06-2018]	12,041,400	12,041,400
Weighted Average Number of equity shares outstanding during the year After Bonus Issue (for calculating basic EPS)	24,082,800	24,082,800
Add: Potential equity shares that could arise on conversion of preference shares	-	-
Weighted average number of equity shares outstanding during the year After Bonus Issue (for calculating diluted EPS)	24,082,800	24,082,800
Nominal value per share (₹)	10	10
Basic Earnings per Share (₹)	9.55	9.50
Diluted Earnings per Share (₹)	9.55	9.50
Return on Net Worth %	11.42%	10.72%
Net asset value per equity share (₹) @	80.44	75.51
@ Working of Net Asset Value per Equity Share:		
Networth (A)	1,937.17	1,818.38
Less: Preference Share Capital (B)	-	-
Net Worth(C= A-B)	1,937.17	1,818.38
No. of Equity Shares Outstanding at the end of the year(D)		
Equity Share Capital as on 31st March	12,041,400	12,041,400
Add: Bonus Issue [as on 27-06-2018]	12,041,400	12,041,400
No. of Equity Shares Outstanding at the end of the year (D)	**24,082,800**	**24,082,800**
Net asset value per equity share (₹)	80.44	75.51
Share Capital	120.41	120.41
Reserves and Surplus, as restated	1,816.76	1,697.97
Networth	1,937.17	1,818.38

ANNEXURE B-VII: RESTATED STANDALONE STATEMENT OF ACCOUNTING RATIOS

Basic Earning Per Share (₹) = $\dfrac{\text{Net profit as restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during*}}$

***"as adjusted to bonus issue made on 27-06-2018"**

Diluted Earning Per Share (₹) = $\dfrac{\text{Net profit as restated, attributable to equity shareholders}}{\text{Weighted average number of dilutive equity shares outstanding during the year*}}$

***"as adjusted to bonus issue made on 27-06-2018"**

Return On Net Worth (%) = $\dfrac{\text{Net profit after tax as restated (excluding extraordinary Items)}}{\text{Net worth as restated (excluding Preference Share Capital) at the end of the year}}$

Net asset value (NAV) per equity share (₹) = Net worth as restated (excluding Preference Share Capital) at the end of the year

Number of equity shares outstanding at the end of the year*

***"as adjusted to bonus issue made on 27-06-2018"**

2. Earning per share calculations are done in accordance with Indian Accounting Standard 33 "Earnings Per Share" issued by the Institute of Chartered Accountants Of India.

3. Group does not have any Extra-Ordinary items and Revaluations reserve.

For Pankaj R. Shah & Associates
Chartered Accountants
FRN No.: 107361W

Sd/-

CA Nilesh Shah
Designated Partner
M.No.107414

Date: 10-08-2018
Place : Ahmedabad

For and on behalf of the Board of Directors
(CIN : U29259GJ1986PLC008520)

Sd/-

Rajendra Shah
Wholetime director & CEO
DIN: 00061922

Sd/-

Harish Rangwala
Managing Director
DIN: 00278062

Sd/-

Pilak Shah
Whole-time director and CFO

Sd/-

Kiran Mohanty
Chief Compliance Officer & CS

Date: 10-08-2018
Place : Ahmedabad

FINANCIAL INDEBTEDNESS

Our Company has availed loans in the ordinary course of business for the purposes of meeting working capital requirements and for capital expenditure. Our Company has obtained the necessary consents and has notified the relevant lenders as required under the relevant loan documentation for undertaking activities, such as *inter alia,* change in its shareholding pattern, amendments to the memorandum of association and articles of association of the Company, changes in the composition of the board of directors and a reduction or dilution in the shareholding of the promoters and promoter group of the Company.

As on August 7, 2018, the outstanding amount under the borrowings of our Company on a consolidated basis was ₹ 2,981.61 million. Set forth below is a brief summary of the aggregate borrowings of our Company on a consolidated basis, as certified by our Statutory Auditor:

(In ₹ million)

Category of borrowing	Sanctioned amount	Outstanding amount
Term loans		
Secured	1,364.00	760.92
Unsecured	0.00	0.00
Total (A)	1,364.00	760.92
Working capital facilities		
Secured	1,766.63	1,054.20
Unsecured	200.00	100.00
Total (B)	**1,966.63**	**1,154.20**
Non-fund based facilities		
Secured	1,586.30	980.47
Unsecured	0.00	0.00
Total (C)	1,586.30	980.47
Total (A + B + C)	**4,916.93**	**2,895.59**

Our Company has also availed unsecured loan from our Promoters, Shareholders and others for ₹ 86.03 million in compliance with Companies Act, 2013.

For details in relation to financial indebtedness of our Company as of March 31, 2018, see "*Financial Statements*", beginning on page 166.

Principal terms of the borrowings availed by our Company

The details provided below are indicative and there may be additional terms, conditions and requirements under the various borrowing arrangements entered into by our Company.

1. ***Interest:***

   In terms of the loans availed by us, the interest rate is typically base rate plus basis points of the specified lender.

2. ***Tenor:***

   The tenor of the term loan facilities availed by us typically ranges from four years to seven years. Additionally, the short-term working capital facilities of our Company are renewable on a yearly basis.

3. ***Security:***

   In terms of our borrowings where security needs to be created, we are typically required to create security by way of, amongst others, hypothecation of the current assets and moveable assets of our Company; mortgage of certain immoveable properties; fixed deposits. There may be additional requirements for creation of security under the various borrowing arrangements entered into by us.

4. ***Repayment:***

   The repayment period of term loan facilities typically is applicable after a moratorium period ranging from three months to eighteen months from the date of disbursement and subsequently payable on a quarterly/ half yearly basis, typically after a moratorium of 15 to 18 months from the date of disbursement. In the event of a pre-payment, our Company may be subjected to certain pre-payment penalties as levied by our lenders, which is typically two percent of the prepayment amount.

5. ***Prepayment:***

   The term loans availed of by our Company typically have prepayment provisions which allows for pre-payment and re-scheduling of the outstanding loan amount on receiving prior approval from such concerned lender, subject to such prepayment penalties as may be decided by the lender at the time of such prepayment, or as laid down in the facility document, as the case may be.

6. ***Penalty:***

Our Company is required to pay penalties or enhanced rates of interest on the facilities typically extending up to 4% over and above the normal rate or a prescribed amount on the occurrence of certain events, *inter alia*, in the event of non-payment of outstanding dues, non-adherence to covenants and breach of any conditions of the respective agreement.

7. ***Events of default:***

Borrowing arrangements entered into by our Company contain standard events of default, including:

a) failure to pay amounts on the due date;

b) any material adverse effect which would have an effect on our ability to repay the facilities availed;

c) suspension or cessation of business; and

d) change in the constitution of our Company.

8. ***Covenants:***

Borrowing arrangements entered into by our Company contain standard covenants, which place certain obligations on our Company, including:

a) the working capital facilities granted by the lenders are both secured and unsecured shall be within the overall working capital requirements assessed by a specific lender;

b) our Company has agreed, declared and confirmed that the facilities so sanctioned by a specific lender shall be utilised only for the purposes for which the facilities are sanctioned and shall not be deployed either directly or indirectly by our Company; and

c) our Company shall keep the specific lender informed of all the happenings, including, any event likely to have a substantial effect on the stock, production, sales of our company.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our Restated Financial Statements as of and for the years ended March 31, 2018, 2017, 2016, 2015, and 2014 respectively, including the notes thereto and the report thereon, which appear elsewhere in this Draft Red Herring Prospectus. This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in "Risk Factors", "Forward-Looking Statements", "Our Business" and "Industry Overview" on pages 13, 12, 112 and 96, respectively. The following discussion relates to us, and, unless otherwise stated, is based on our Restated Financial Statements.

The industry data in this section has been derived from industry data sourced from research reports titled "Metal Stamping Market – Global Insights, Growth Size, Comparative Analysis, Trends and Forecast, 2018 – 2026" and "Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026", both prepared by Research n Reports. Further, both the Research Reports were commissioned by the Company. Neither the Company nor any other person connected with this Offer has independently verified this information.

Our financial statements have been prepared in accordance with Ind AS or Indian GAAP notified under the Companies (Indian Accounting Standards) Rules, 2015 as applicable, the Companies Act and restated in accordance with the SEBI Regulations and as described in the report of our Statutory Auditor dated [●], which is included in this Draft Red Herring Prospectus under "Restated Financial Statements". Our Fiscal ends on March 31 of each year; therefore, all references to a particular Fiscal are to the twelve-month period ended March 31 of that year.

Overview

We are the largest manufacturer of precision bearing cages in organized sector in India in terms of capacity and operations and amongst the leading manufacturers of precision bearing cages in the world with a market share of approximately 5% to 6% in the organized segment of the global brass, steel and polyamide bearing cages market in terms of revenue. Our Company holds more than 50% of the market share in the Indian bearing cages market in the organized segment for brass, steel and polyamide cages. *(Source: Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026)* We manufacture bearing cages in brass, steel and polyamide materials with sizes of upto 2,000 mm in diameter for automotive and industrial applications, we also manufacture complex and specialised precision stamped components for automotive and industrial customers.

We are a technology driven company with a strong focus on research and development, which has allowed us to develop products suited to our customers' requirements. We have the expertise to design and develop advance tooling in-house which enables us to manufacture complex products. Since our incorporation we have been able to manufacture more than 5,000 types of products in the automotive and industrial segments, allowing us to meet changing customer requirements. In addition, over the past five years our product development and innovation centre has developed more than 850 products in different bearing divisions.

We believe that we have established strong customer relationship with leading global bearing manufactures in the automotive, railways, renewable energy and other industrial sectors. Additionally, we have been involved by our key customer groups in their product development process and accordingly, we have been able to ensure repeat orders from our customers. Each of our top five customer groups have been our customers for over a decade.

While our principal production facilities are at Changodar and Moraiya, near Ahmedabad in Gujarat in India, we also have production facilities in Changshu and Suzhou in China and Ghimbav Brasov in Romania. We believe that our presence in these low cost locations helps us penetrate global markets more efficiently and effectively and allow access to our customers in over 25 countries across the world. To help us meet 'just in time' requirements of our customers we have entered into arrangements to stock inventory in warehouses spread across more than 15 locations across the world including in, Europe, US, China and South America. Our multinational presence has also allowed us to diversify our revenue geographically.

The combined bearing cages capacity of all our manufacturing units is 1,016.27 million pieces per annum and for semi-finished brass castings is 35,376 million tonnes per annum. Our facilities have end-to-end manufacturing capabilities, strong engineering and design capabilities and the ability to supply to our global customer base.

Our production facilities in India and China have been duly certified for conforming to and applying international standards of quality management systems and we have comprehensive tooling, testing and measurement infrastructure. We believe that we have been successful in diversifying our products portfolio and improve our current processes in different type of bearing cages mainly due to our research and development and technological capabilities. We believe we have been able to leverage our tooling capabilities and the expertise developed in the stamping employed for manufacture of steel cages to diversify and grow our stamping components business.

Our Promoters, Harish Ranjit Rangwala and Rajendra Shantilal Shah, have more than 32 years of experience in the precision engineering and auto-component manufacturing sector. They have been part of our Board since the incorporation of our

Company in 1986 and have played a pivotal role in our innovation, success and growth. Additionally, our second generation Promoters, Vishal Rangwala, Pilak Rajendra Shah and Munjal Rangwala, are also involved in the operations and business of our Company.

For Fiscal 2018, our net profit on a consolidated basis, was ₹ 569.68 million. Given our wide presence, our revenue stream is diversified both geographically as well as across customers. for Fiscal 2018, our total revenue from operations was ₹ 7,675.29 million as per our Restated Consolidated Financial Statements, which comprised revenue from domestic sales of ₹ 2,315.85 million and revenue from export sales/sales from overseas Subsidiaries of ₹ 5,359.44 million; in Fiscal 2018, we received 47.88% of our revenue from customers in Europe, 23.62% from our customers in India, 15.87% from our customers in China and 10.68% from our customers in America. In Fiscal 2018, our return on net worth was 22.57% and our return on capital employed was 29.90%, from Fiscal 2016 to Fiscal 2018 we had a compound annual growth rate ("**CAGR**") of 10.42% in terms of total income, as per our Restated Consolidated Financial Statements.

Significant Factors Affecting Our Results of Operations and Financial Condition

The results of our operations and our financial condition are affected by numerous factors and uncertainties, many of which may be beyond our control, including as discussed in "*Our Business"* and "*Risk Factors*" beginning on pages 112 and 13, respectively. The following is a discussion of certain factors that we believe may be expected to have a significant effect on our financial condition and results of operations:

Market conditions affecting the automotive and industrial sectors

The demand for our products is directly related to the general economic conditions which drives the consumption of industrial, automotive and other components and the usage of our products, i.e. bearing cages (used for manufacture of bearings) and other stamped components. The sales of our products may be affected by a general change in economic or industry conditions including the following:

- trends in the global and domestic economies;
- global and local political and regulatory measures and developments, such as tax incentives or other subsidies, environmental policies;
- government initiatives;
- global and local fiscal and monetary dynamics, such as rises or falls in interest rates (resulting in greater or lesser ability by customers to borrow money, including for auto purchases), foreign exchange rates;
- general levels of GDP growth in a country or region, and growth in personal disposable income in that country or region;
- inflation rates;
- global and local economic or fiscal crises;
- global and local economic or fiscal instability; and
- trade agreements.

In addition, the manufacturing industry tends to be affected directly by trends in the general economy and it is sensitive to general economic conditions and factors such as inflation, employment and disposable income levels, interest rate levels, demographic trends, technological changes, increasing environmental, health and safety regulations, government policies, and adverse climatic conditions which may negatively affect the demand for our products. Further, stronger macro-economic indicators tend to correlate with higher demand for industrial, automotive and other components, while weaker macro-economic indicators tend to correlate with lower demand for such components.

The cyclical nature of general macro-economic conditions means that our results of operations can substantially be affected and may experience substantial fluctuations from time to time. 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, recession in some of the economies, disruption in banking and financial systems, economic instability, unfavourable government policies, rising inflation, lowering spending power, customer confidence and political uncertainty. 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. Given our wide presence, our revenue stream is diversified both geographically as well as across customers.

Further, our business plans envisage expanding our operations in line with our customers' requirements in India, Europe, Americas and China. 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. Accordingly, our successful expansion in any market is subject to business, economic and competitive uncertainties and contingencies, many of which are beyond our control.

Changes in customer specifications, purchasing patterns and demand for our products

We have a customer base spread across five continents namely, Asia, Europe, North America and South America. A majority of our customers are marquee global bearing manufacturers.

We have in the past, and may in the future derive a significant portion of our revenues from limited number of customer groups. For Fiscals 2018, 2017 and 2016, revenue from our top five customer groups constituted 89.18%, 89.76% and 88.04% of our total consolidated revenue on a consolidated basis. Additionally, we are heavily dependent on customers who are operating in the automotive and industrial sectors.

A sustained decline in the demand for our customers' products could prompt them to cut their production volumes, in turn affecting their demand for our products. The volume and timing of sales to our customers may vary due to variation in demand for our customers' products, our customers' attempts to manage their inventory, change in the needs of our customers with respect to the niche choices of the grades of steel, introduce design changes or changes in their product mix, manufacturing strategy and growth strategy, and macroeconomic factors affecting the economy in general and our customers in particular.

Further, as our business is currently concentrated to a select number of significant 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 significantly reduced for any reason, including as a result of a dispute with or disqualification by, a major customer. Consolidation of any of our customers may also adversely affect our existing relationships and arrangements with such customers, and any of our customers that are acquired may cease to use our products. Additionally, customers losing on their market share in the respective sector, replacement of an existing product with an alternative product may also adversely affect our business, financial condition, results of operations, cash flows and future prospects. Further, our customer-centric approach and continuous effort on transparent dealings has allowed us to enter into long term contracts with leading key global bearing manufacturers.

Evolving product and market mix

We have a diversified product portfolio in terms of the materials used, the manufacturing process employed as well as the dimensions and end-use of the finished products. We believe that we have been successful in improving our current processes in different type of bearing cages mainly due to our research and development and technological capabilities. We manufacture bearing cages in brass, steel and polyamide which represents approximately 63% of the global bearing cages market. Within our diversified product portfolio, we manufacture cylindrical roller cages, spherical roller cages, deep grove cages, angular contact cages, thrust roller cages and taper roller cages. Since our incorporation, we have manufactured more than 5,000 types of products in the automotive and industrial segments. Our deep expertise in area of tooling, automated production facilities, focus on research and development, technologically advanced, and cost competitive manufacturing technology processes and on time delivery has resulted in repeat orders from our key customer groups which are also key global bearing manufacturers who have been our customers for over a decade. We intend to diversify and expand our business operations in accordance with the evolving needs of our customers and our industry. However, the transition of our manufacturing facilities and resources to fulfil production under new product programs may impact production rates or other operational efficiency measures at our facilities. Further, we may not be able to succeed in effectively implementing the new technology required in manufacturing new products or to 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.

While our principal production facilities are at Changodar and Moraiya, near Ahmedabad in Gujarat in India, we also have production facilities in Changshu and Suzhou in China and Ghimbav Brasov in Romania. We believe that our presence in these low cost locations helps us penetrate global markets more efficiently and effectively and allows access to our customers in more than 25 countries across the world. To help us meet 'just in time' requirements of our customers we have entered into arrangements to stock inventory in warehouses spread across more than 15 locations across the world including in, Europe, US, China and South America. Our multinational presence has also allowed us to diversify our revenues geographically. We are a strategic part of the bearing supply chain for the global and Indian bearing manufacturers. We believe that we have established strong customer relationship with leading global bearing manufactures in the automotive, railways, renewable energy and other industrial sectors. Further, we also believe that our presence in these locations helps us overcome significant entry barriers in comparison with our competitors, allowing us to penetrate these markets more efficiently and becoming a local supplier to leading key global bearing players. Our multinational presence has also allowed us to diversify our revenues geographically and enhanced our reputation which results in higher orders from existing customers also. In Fiscal 2018, our revenue from operations in India constituted 60.61% of our total consolidated revenue, while our revenue from operations outside India constituted 39.31% of our total consolidated revenue.

Venturing into a new product line may require methods of operations and marketing and financial strategies, different from those currently employed in our Company. We may not 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 defects in products.

Availability of raw materials and employee costs

Our financial condition and results of operations are impacted by the availability and cost of raw materials. The primary raw material required for manufacturing of our products is brass, steel and polyamide. Our expenditure on raw material consumed, has been 51.14%, 49.56% and 47.26% of our revenue for the Fiscals 2018, 2017 and 2016, respectively. Prices for these raw materials can be volatile and depend on commodity prices in the markets, which, in turn, depend on changes in global economic conditions, industrial cycles, supply-and-demand dynamics, attempts by individual producers to capture market share, and market speculation, among other factors. We do not enter into any firm commitment/ long-term contracts with our suppliers. In India, we primarily purchase raw materials from the open market from suppliers that meet stipulations set up by our customers, at market price. If such raw material costs increase significantly during this period, it can have a negative impact on our profitability.

In the Fiscals 2018, 2017 and 2016, employee benefits expenses aggregated to ₹ 1,104.83 million, ₹ 980.05 million and ₹ 727.84 million, respectively, and as a percentage of our revenue, were 13.74%, 15.43% and 11.03%, respectively. We believe that we have sufficient human resources to sustain our current operations and planned growth, particularly at the management level, and we expect to improve our operational efficiency by reducing our employee costs as a percentage of our total income in future periods. As a material portion of our overall manpower is located in India, rising wages in India as well as any change in applicable laws, may have a material impact on our net income.

Foreign currency fluctuations

Our financial statements are presented in Indian Rupees. However, a part of our revenues is derived from export sales. In the Fiscals 2018, 2017 and 2016, our direct export sales on a standalone basis were ₹ 2,757.30 million, ₹ 1,906.34 million and ₹ 1,803.98 million, respectively, and as a percentage of our revenue, were 35.92%, 36.40% and 46.22%, respectively. In the Fiscals 2018, 2017 and 2016, our sales by our foreign subsidiaries were ₹ 2,602.13 million, ₹ 1,679.28 million and ₹ 608.67million, respectively, and as a percentage of our revenue, were 33.90%, 27.24% and 9.59%, respectively.

Our revenue, expenses, assets or liabilities are denominated in a currency other than the Indian Rupee. For the Fiscal 2018, 2017, and 2016, on a standalone basis 56.31%, 55.71% and 55.43% of our revenue and 2.68%, 2.05% and 2.74% of our total expenses were denominated in foreign currencies, respectively. Further, for the Fiscal 2018, 2017 and 2016 out of total revenue, 33.90%, 27.24% and 9.59% are contributed by foreign subsidiaries. A significant portion of our equipment purchases, a portion of our material costs, a portion of our interest cost and third party warehouse expenses are denominated in foreign currencies, while a significant portion of our revenue (which includes export revenue and revenue from our foreign subsidiaries) is also denominated in foreign currencies. Based on our geographical presence and business operations worldwide, we primarily deal in USD, Euro, RMB and RON. Our foreign currency exposures, exchange rate fluctuations between the Indian Rupee and foreign currencies, especially the USD, Euro, RMB and RON, may have a material impact on our results of operations, cash flows and financial condition.

While we seek to hedge our foreign currency risk by entering into forward exchange contracts, any steps undertaken to hedge the risks on account of fluctuations in currencies may not adequately hedge against any losses we incur due to such fluctuations. Our net foreign exchange gain for Fiscal 2018, as per our Restated Consolidated Financial Statements was ₹ 184.43 million, net foreign exchange gain was ₹ 9.24 million for Fiscal 2017 and net foreign exchange loss for Fiscal 2016 amounted to ₹ 58.04 million respectively.

As on March 31, 2018, our total un-hedged foreign currency receivables amounted to ₹ 1,797.93 million, our total un-hedged foreign currency loans and borrowings amounted to ₹ 70.24 million, supplier advances amounted to ₹ 34.43 million, while our total un-hedged foreign currency payables amounted to ₹ 1.33 million.

Moreover, as a significant part of our working capital borrowings are U.S. Dollar, Euro denominated and RMB, we expect that our cost of borrowing as well as our cost of imported raw materials, imported stores and spares, overseas legal and professional costs and overseas warehousing costs incurred by us may rise during a sustained depreciation of the Indian Rupee against the U.S. Dollar Euro or RMB. Adverse fluctuations in exchange rates that we have not adequately hedged may adversely impact our profitability and financial condition.

Basis of preparation of our financial statements

Statement of compliance with Ind AS

These consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 notified under section 133 of Companies Act, 2013 (the "Act") and other relevant provisions of the Act.

The Group has adopted all the relevant Ind AS standards and the adoption was carried out in accordance with Ind AS 101, "First Time Adoption of Indian Accounting Standards". The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliation and description of the effect of the transition have been summarized in Note 30.

The transition to Ind AS has resulted in changes in the presentation of the consolidated financial statements, disclosures in the notes thereto and accounting policies and principles.

The Restated Consolidated Statement of Assets and Liabilities of the Harsha Engineers Limited as at March 31, 2018, March 31, 2017 and March 31, 2016 and Restated Consolidated Summary Statement of Profit and Loss. Restated Consolidated Summary Statement of Cash Flow for the year ended March 31, 2018, March 31, 2017 and March 31, 2016 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 proposed Initial Public Offering through Offer for Sale of its equity.

The Consolidated Proforma Financial Information of the Company as at and for the year ended March 31, 2016, is prepared in accordance with requirements of SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/4 dated March 31, 2016 ("SEBI Circular"). As envisaged by the SEBI Circular, the Company has followed the same accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) as initially adopted on its Ind AS transition date (i.e April 1, 2016) while preparing proforma financial information for the Fiscal 2015 - 2016 and accordingly suitable restatement adjustments in the accounting heads have been made in the proforma financial information. This proforma Ind AS financial information have been prepared by making Ind AS adjustments to the audited Indian GAAP financial statements as at and for the year ended March 31, 2016.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member’s financial statements in preparing the consolidated financial statements to ensure conformity with the group’s accounting.

Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (INR), which is also the functional currency. All the amounts have been rounded off to the nearest lakhs, unless otherwise indicated.

Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement Basis
Investments in Mutual Funds	Fair value
Employee Defined Benefit Plans	Plan Assets measured at fair value less present value of defined benefit obligation
Certain Financial Assets and Liabilities (Including Derivative Instruments)	Fair value

Use of Estimates and Judgements

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from these estimates.

Estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. They are based on historical experience and other factors including expectations of future events that may have a financial impact on our Company and that are believed to be reasonable under the circumstances. Revisions to the accounting estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the respective note.

Assumptions and Estimation Uncertainties:

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the respective note.

Measurement of Fair Values

The group has established control framework with respect to the measurement of fair values. The group regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the group assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e derived from prices).

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, our Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Our Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the respective note.

Significant accounting policies of our Company

Significant Accounting policies

Basis for Consolidation

Subsidiaries

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Transactions eliminated on consolidation

The consolidated financial statements have been prepared on the following basis:

I. The consolidated financial statements of the Subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Indian Accounting Standard-(Ind AS).

II. In case of Foreign Subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the year end; any exchange difference arising on same is recognized in "Foreign Currency Translation Reserve".

III. The difference between the costs of investments in the subsidiaries over the net assets at the time of acquisition of the investment in the subsidiaries is recognized in the consolidated financial statements as goodwill or capital reserve as the case may be.

IV. Non-controlling interest's share of net profit/loss of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the group.

V. Non-controlling interest's share of net assets of consolidated subsidiaries for the year is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the group's shareholder.

VI. As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations if any have been made in the consolidated financial statements.

Foreign Currency

Transactions in foreign currencies are translated into the functional currency of the group at exchange rates at the date of transactions or an average rate if the average rate approximates the actual rate at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary-assets and liabilities denominated in foreign currency at year end exchange rate are generally recognised in profit or loss. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in foreign currency are translated at the exchange rate at the date of transaction. Exchange differences are recognised in the profit or loss, except exchange differences arising from the translation of qualifying cash flow hedges to the extent hedges are effective which are recognised in Other Comprehensive Income (OCI).

Financial Instruments

Financial Assets

Classification

The group classifies its financial assets in the following measurement categories:

- Those measured at amortized cost; and

- Those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss).

The classification depends on our Company's business model for managing the financial assets and the contractual terms of the cash flows.

- A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

    - the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
    - the contractual terms of a financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Financial assets are not reclassified subsequent to their initial recognition except if and in the period our Company changes its business model for managing financial assets.

Measurement

At initial recognition, our Company measures a financial asset when it becomes a party to the contractual provisions of the instruments and measures at its fair value except trade receivables which are initially measured at transaction price. Transaction costs are incremental costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. A regular way purchase and sale of financial assets are accounted for at trade date.

Subsequent Measurement and Gains and Losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

Derecognition

The group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which our Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial Liabilities

Classification, Subsequent Measurement and Gains and Losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition

The group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

The group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the profit or loss.

Offsetting

Financial assets and financial liabilities are off set and the net amount presented in the balance sheet when and only when, the group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Investment in Subsidiaries

Investment in subsidiaries is carried at cost in the separate financial statements.

Derivative Instruments and Hedge Accounting

The group strictly uses foreign currency forward contracts / interest rate swap to hedge its risks associated with foreign currency / Interest rate fluctuations relating to certain forecasted transactions. As per Ind AS 109-Financial Instruments- Foreign currency forward contract / interest rate swap derivative instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges are treated as Fair value Through Profit & Loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

Property, Plant and Equipment

Recognition and Measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation, and accumulated impairment losses, if any, except freehold land which is carried at historical cost.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Useful lives have been determined in accordance with Schedule II to the Companies Act, 2013. The residual values are not more than 5% of the original cost of the asset. Capital Work-in-progress includes cost of assets at sites and constructions expenditure. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Transition to Ind AS

On transition to Ind AS, our Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

Subsequent Expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation/Amortisation

Depreciation is calculated on cost of items of property, plant and equipment (other than freehold land and properties under construction) less their estimated residual values over their estimated useful lives using the straight-line method and is generally recognised in the statement of profit and loss. Amortization on leasehold land is provided over the period of lease.
Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives best represent the period over which management expects to use these assets. Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed of).

Name of Subsidiaries	Basis of Depreciation
Harsha Engineers B.V.	Straight Line Method
Harsha Precision Bearing Components (China) Co. Ltd.	Straight Line Method
Harsha Engineering Components (Changshu) Co. Ltd.	Straight Line Method
Aastha Tools Private Limited	Straight Line Method
Harsha Engineers (India) Private Limited	Straight Line Method

Derecognition

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of assets.

Intangible Assets

Initial Recognition and Classification

Goodwill is not amortised. It is tested annually for impairment.

Other intangible assets including those acquired by our Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in profit or loss as incurred.

Transition to Ind AS

On transition to Ind AS, the group has elected to continue with the carrying value of all of its intangible assets recognised as at April 1, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over the estimated useful lives using the straight line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

The estimated useful lives of software are 6 years. Goodwill is not amortized and is tested for impairment annually.

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

Derecognition

An item of an intangible asset is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of assets.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work-in-progress is valued at actual cost of production.

Cost of raw materials, stores and spares are determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

Excess/shortages if any, arising on physical verification are absorbed in the respective consumption accounts.

Impairment

Impairment of Financial Assets

The group recognizes loss allowances for financial assets measured at amortized cost using expected credit loss model. At each reporting date, the group assesses whether financial assets carried at amortized cost are credit- impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

For trade receivables, the group always measures the loss allowance at an amount equal to lifetime expected credit losses. For all other financial assets, the group measures loss allowances at an amount equal to twelve months expected credit losses unless there has been a significant increase in credit risk from initial recognition in which those are measured at lifetime expected credit risk.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial asset. Twelve months expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the twelve months after the reporting date (or a shorter period if the expected life of the instrument is less than twelve months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the group's historical experience and informed credit assessment and including forward-looking information.

The group assumes that the credit risk on a financial asset has increased significantly if it is more than 360 days past due. The group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the group in full.

Measurement of Expected Credit Losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to our Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of Allowance for Expected Credit Losses in the Balance Sheet Loss allowances for financial assets measured at amortised cost are deducted from the gross

Presentation of Allowance for expected Credit Losses in the Balance Sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines (on the basis of availability of the information) that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Impairment of Non-Financial Assets

The Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss.

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

The list of Subsidiary Companies included in consolidation with Harsha Engineering Limited

HEL and HEL's shareholding therein is as under:

Name of Subsidiaries	Country of Incorporation	Ownership Interest held by the group			Proportion of ownership interests and voting rights held by non-controlling interests		
		As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Harsha Engineers B.V.	Netherland	100.00%	100.00%	100.00%	-	-	-
Harsha Precision Bearing Components (China) Co. Ltd.	China	100.00%	100.00%	100.00%	-	-	-
Harsha Engineering Components (Changshu) Co. Ltd.	China	100.00%	100.00%	100.00%	-	-	-
Harsha Engineers Europe SRL*	Romania	99.99984%	99.98945%	99.99996%	0.00016%	0.01055%	0.000041%
Aastha Tools Private Limited	India	75.00%	75.00%	75.00%	25.00%	25.00%	25.00%
Harsha Abakus Solar Private Limited	India	0.00%	0.00%	52.50%	100.00%	100.00%	48.50%
Harsha Engineers (India) Private Limited	India	100.00%	100.00%	100.00%	-	-	-

**Subsidiary of Harsha Engineers B.V. - Stepdown subsidiary of our Company*

The summary of PAT from all the subsidiaries has been presented below after considering the inter company adjustments for the years as mentioned below:

(₹ in millions)

Name of the entity	Financial Years	Income			Expenses	Profit/ (Loss) Before Tax	Profit/ (Loss) After Tax
		Revenue from operations	Other income	Total	Total		
Harsha Engineers Limited	**2017-18**	5,073.16	415.74	**5,488.89**	4,546.12	942.77	**605.78**
Harsha Engineers B.V.		2,028.46	(25.28)	**2,003.18**	2,038.02	(34.84)	**(34.83)**
Harsha Precision Bearing Components (China) Co. Ltd		403.59	1.98	**405.57**	435.06	(29.49)	**(29.49)**
Harsha Engineering Components (Changshu) Co. Ltd.		591.53	3.00	**594.53**	580.81	13.72	**13.72**
Aastha Tools Private Limited		149.27	0.17	**149.43**	128.67	20.77	**14.97**
Consolidation Adjustments		(570.72)	(27.03)	**(597.75)**	(594.91)	(2.84)	**(6.59)**
Harsha Engineers Limited-(Consolidated)		7,675.29	368.57	**8,043.85**	7,133.77	910.09	**563.56**
Harsha Engineers Limited	**2016-17**	3,557.69	157.58	**3,715.26**	3,254.12	461.15	**326.88**
Harsha Engineers B.V.		1,169.01	25.29	**1,194.30**	1,334.29	(139.99)	**(139.98)**
Harsha Precision Bearing Components (China) Co. Ltd		279.56	0.51	**280.07**	348.71	(68.64)	**(68.64)**
Harsha Engineering Components (Changshu) Co. Ltd.		368.40	0.53	**368.93**	383.52	(14.59)	**(14.59)**
Aastha Tools Private Limited		104.41	0.21	**104.62**	94.33	10.29	**7.29**
Harsha Abakus Solar Private Limited		927.98	7.68	**935.86**	997.32	(61.66)	**0.00**
Consolidation Adjustments		(242.10)	(4.52)	**(246.61)**	(264.30)	17.68	**(1.40)**

Name of the entity	Financial Years	Income			Expenses	Profit/ (Loss) Before Tax	Profit/ (Loss) After Tax
		Revenue from operations	Other income	Total	Total		
Harsha Engineers Limited-(Consolidated)		6,164.94	187.28	**6,352.22**	6,148.00	204.22	**109.56**
Harsha Engineers Limited	**2015-16**	3,294.30	218.16	**3,512.46**	3,100.60	411.86	**306.88**
Harsha Engineers B.V.		136.44	8.65	**145.08**	158.90	(13.82)	**(13.82)**
Harsha Precision Bearing Components (China) Co. Ltd		179.07	15.34	**194.41**	265.47	(70.67)	**(70.67)**
Harsha Engineering Components (Changshu) Co. Ltd.		344.95	0.00	**344.95**	351.17	(6.61)	**(6.61)**
Aastha Tools Private Limited		109.43	0.28	**109.71**	105.34	4.38	**2.75**
Harsha Abakus Solar Private Limited		2,444.73	19.59	**2,464.32**	2,425.04	39.28	**29.17**
Consolidation Adjustments		(161.22)	(12.40)	**(173.62)**	(173.74)	0.12	**(14.51)**
Harsha Engineers Limited-(Consolidated)		6,347.70	249.61	**6,597.31**	6,232.76	364.55	**233.21**

Employee Benefits

Short Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount using market yields at the end of reporting period on government bonds and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the Asset Ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Provisions (other than Employee Benefits), Contingent Liabilities and Contingent Assets

A provision is recognized when the Group has a present legal obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the Current best estimates. Contingent liabilities are not recognized but are disclosed in the notes to the Financial Statements. A contingent asset is neither recognized nor disclosed if inflow of economic benefit is probable.

Revenue Recognition

i. Sale of Goods:

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

The timing of transfers of risks and rewards varies depending on the individual terms of sale, usually in case of domestic, such transfer occurs when the product is sold on ex-works; however, for exports transfer occurs upon loading the goods onto the relevant carrier at the port of seller. Generally for such products buyer has no right to return.

ii. Export Benefits

Export Benefits are recognised as income on all the eligible exports and where there is no significant uncertainty regarding the ultimate collection of relevant exports.

Recognition of Dividend Income, Interest Income

Dividend on financial instruments is recognized as and when realized. Interest is recognized on accrual basis.

Income Tax

The Group and other Indian subsidiaries:

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised

Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date. Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Foreign Companies:

Foreign Companies recognize tax liabilities and assets in accordance with the local laws.

Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets - unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets or liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on net basis or their tax assists and liabilities will be realised simultaneously.

Cash and Cash Equivalents

Cash and Cash equivalents include cash and cheques in hand, bank balances, demand deposits with banks and other short term highly liquid investments that are readily convertible to know amounts of cash and which are subject to an insignificant risk of changes in value where original maturity is three months or less.

Borrowing Cost

Borrowing Cost are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of cost of asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Lease

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition. However, lease classification is determined at the inception of lease.

Lease accounting

As a lessee Finance lease

At the commencement of the lease term, the Company recognizes finance leases as assets and liabilities in its balance sheet at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. The discount rate used in calculating the present value is the interest rate implicit in the lease or the Company's incremental borrowing rate. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

Operating lease

Lease payments under an operating lease are recognized as an expenses on a straight-line basis over the lease term unless either:

A. another systematic basis is more representative of the time pattern of the user's benefit; or

B. the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor Finance lease

Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Operating lease

Lease income from operating lease (excluding amount for services such as insurance and maintenance) is recognized in the statement of profit or loss on a straight-line basis over the lease term, unless either:

A. another systematic basis is more representative of the time pattern of the user's benefit; or

B. the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Earnings per Share

Basic earnings per share is calculated by dividing the net profit after tax for the year attributable to Equity Shareholders of the Group by the weighted average number of Equity Shares outstanding during the year. Diluted earnings per Share is calculated by dividing net profit attributable to equity Shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year plus potential equity shares.

Cash Flow Statement

Cash flows are reported using the indirect method whereby the profit before tax is adjusted for the effect of the transactions of a non cash nature, any deferrals or accruals of past and future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

Events Occurring after the Reporting Date

Adjusting events (that provides evidence of condition that existed at the balance sheet date) occurring after the balance sheet date are recognized in the financial statements. Material non adjusting events (that are inductive of conditions that arose subsequent to the balance sheet date) occurring after the balance sheet date that represents material change and commitments affecting the financial position are disclosed in the Director's Report.

The Company has declared dividend of ₹ 5/- per equity share amounting to ₹ 60.20 million and dividend distribution tax of ₹ 12.37 million thereto for the year ended March 31, 2018.

Results of Operations and Financial Condition

Harsha Abakus was a 52.50% subsidiary company of our Company and was engaged in the business of supplying solar power plants on EPC basis as its principal business. We sold off our investment in Harsha Abakus on March 30, 2017. The Restated Consolidated Statement of Profit and Loss of our Company therefore includes the financials of the said erstwhile subsidiary company Harsha Abakus for Fiscals 2017 and 2016. Further, our Company acquired HEESRL through HEBV on February 29, 2016 which also had an impact on the Restated Consolidated Statement of Profit and Loss of our Company for Fiscal 2017 and 2018.

The following table sets forth the Restated Consolidated Statement of Profit and Loss of our Company for Fiscals 2018, 2017 and 2016, the components of which are also expressed as a percentage of our total income and of our revenue from operations, for such periods.

	Fiscal 2018			**Fiscal 2017**			**Fiscal 2016**		
	Amount (₹ in million)	**% of total income**	**% of revenue from operations**	**Amount (₹ in million)**	**% of total income**	**% of revenue from operations**	**Amount (₹ in million)**	**% of total income**	**% of revenue from operations**
Income:									
Revenue from Operations	7,675.29	95.42	100.00	6,164.94	97.05	100.00	6,347.70	96.22	100.00
Other Income	368.57	4.58	4.80	187.28	2.95	3.04	249.61	3.78	3.93
Total Income	**8,043.85**	**100.00**	-	**6,352.22**	**100.00**	-	**6,597.31**	**100.00**	-
Expenses:									
Cost of materials consumed	4,113.33	51.14	53.59	3,148.44	49.56	51.07	3,117.98	47.26	49.12
Change in inventories of finished goods and work-in-progress	(328.06)	(4.08)	(4.27)	(152.89)	(2.41)	(2.48)	703.24	10.66	11.08
Employee benefits expense	1,104.83	13.74	14.39	980.05	15.43	15.90	727.84	11.03	11.47
Finance costs	180.65	2.25	2.35	256.96	4.05	4.17	182.51	2.77	2.88
Depreciation and amortisation expense	318.75	3.96	4.15	346.69	5.46	5.62	279.47	4.24	4.40
Other expenses	1,744.26	21.68	22.73	1,568.75	24.70	25.45	1,221.72	18.52	19.25
Total Expenses	**7,133.77**	**88.69**	**92.94**	**6,148.00**	**96.79**	**99.73**	**6,232.76**	**94.47**	**98.19**
Profit before tax	**910.09**	**11.31**	**11.86**	**204.22**	**3.21**	**3.31**	**364.55**	**5.53**	**5.74**
Tax expenses:									
Current tax	287.42	3.57	3.74	153.03	2.41	2.48	130.62	1.98	2.06
Deferred tax	52.99	0.66	0.69	(16.26)	(0.26)	(0.26)	(15.14)	(0.23)	(0.24)

	Fiscal 2018			Fiscal 2017			Fiscal 2016		
	Amount (₹ in million)	% of total income	% of revenue from operations	Amount (₹ in million)	% of total income	% of revenue from operations	Amount (₹ in million)	% of total income	% of revenue from operations
MAT credit entitlement	-	-	-	-	-	-	-	-	-
Total tax expenses	**340.41**	**4.23**	**4.44**	**136.77**	**2.15**	**2.22**	**115.48**	**1.75**	**1.82**
Profit for the year	**565.94**	**7.04**	**7.37**	**110.13**	**1.73**	**1.79**	**234.45**	**3.55**	**3.69**

The following table sets forth in a summarized manner the contribution of each of our subsidiary companies to our income from operations, other income, total income, profit before tax and profit after tax in the restated consolidated statement of profit and loss of our company for Fiscals 2018, 2017 and 2016.

Fiscal 2018	Income			Expenses	(₹ in millions)	
Name of the entity					Profit/ (loss) before tax	Profit/ (loss) after tax
	Revenue from operations	Other income	Total Income			
Harsha Engineers Limited	5,073.16	415.74	5,488.89	4,546.12	942.77	605.78
Harsha Engineers B.V.	2,028.46	(25.28)	2,003.18	2,038.02	(34.84)	(34.83)
Harsha Precision Bearing Components (China) Co. Ltd.	403.59	1.98	405.57	435.06	(29.49)	(29.49)
Harsha Engineering Components (Changshu) Co. Ltd	591.53	3.00	594.53	580.81	13.72	13.72
Aastha Tools Private Limited	149.27	0.17	149.43	128.67	20.77	14.97
Consolidation Adjustments	(570.72)	(27.03)	(597.75)	(594.91)	(2.84)	(6.59)
Harsha Engineers Limited (Consolidated)	**7,675.29**	**368.57**	**8,043.85**	**7,133.77**	**910.09**	**563.56**

Fiscal 2017	Income			Expenses	(₹ in millions)	
Name of the entity					Profit/ (loss) before tax	Profit/ (loss) after tax
	Revenue from operations	Other income	Total Income			
Harsha Engineers Limited	3,557.69	157.58	3,715.26	3,254.12	461.15	326.88
Harsha Engineers B.V.	1,169.01	25.29	1,194.30	1,334.29	(139.99)	(139.98)
Harsha Precision Bearing Components (China) Co. Ltd.	279.56	0.51	280.07	348.71	(68.64)	(68.64)
Harsha Engineering Components (Changshu) Co. Ltd	368.40	0.53	368.93	383.52	(14.59)	(14.59)
Aastha Tools Private Limited	104.41	0.21	104.62	94.33	10.29	7.29
Harsha Abakus Solar Private Limited	927.98	7.68	935.66	997.32	(61.66)	0.00
Consolidation Adjustments	(242.10)	(4.52)	(246.61)	(264.30)	17.68	(1.40)
Harsha Engineers Limited (Consolidated)	**6,164.94**	**187.28**	**6,352.22**	**6,148.00**	**204.22**	**109.56**

Fiscal 2016	Income			Expenses	(₹ in millions)	
Name of the entity					Profit/ (loss) before tax	Profit/ (loss) after tax
	Revenue from operations	Other income	Total Income			
Harsha Engineers Limited	3,294.30	218.16	3,512.46	3,100.60	411.86	306.88
Harsha Engineers B.V	136.44	8.65	145.08	158.90	(13.82)	(13.82)
Harsha Precision Bearing Components (China) Co. Ltd.	179.07	15.34	194.41	265.47	(70.67)	(70.67)
Harsha Engineering Components (Changshu) Co. Ltd	344.95	0.00	344.95	351.17	(6.61)	(6.61)

Fiscal 2016	Income			Expenses	(₹ in millions)	
Name of the entity	Revenue from operations	Other income	Total Income		Profit/ (loss) before tax	Profit/ (loss) after tax
Aastha Tools Private Limited	109.43	0.28	109.71	105.34	4.38	2.75
Harsha Abakus Solar Private Limited	2,444.73	19.59	2,464.32	2,425.04	39.28	29.17
Consolidation Adjustments	(161.22)	(12.40)	(173.62)	(173.74)	0.12	(14.51)
Harsha Engineers Limited (Consolidated)	**6,347.70**	**249.61**	**6,597.31**	**6,232.76**	**364.55**	**233.21**

Principal components of our income and expenditure

Income

Our total income comprises (i) revenue from operations and (ii) other income.

Revenue from operations:

Revenue from operations comprises revenue from net sales. Revenue from operations accounted for 95.42%, 97.05% and 96.22% of our revenue for the Fiscals 2018, 2017 and 2016, respectively.

Other income: Our other income primarily comprises income generated from (i) MEIS income, (ii) duty draw back (DDB) income, (iii) gain on exchange rate fluctuation, (iv) solar power generation, and (v) interest income. Other income accounted for 4.58%, 2.95% and 3.78% of our revenue for the Fiscals 2018, 2017 and 2016, respectively.

Expenses

Our expenses consist of (i) cost of materials consumed, (ii) Change in inventories of finished goods and work-in-progress, (iii) Employee benefits expense, (iv) Finance costs, (v) Depreciation and amortisation expense, and (vi) Other expenses.

Cost of materials consumed: Cost of material consumed comprises cost of material consumed, inward transportation, finish component consumed and labour charges. Cost of raw material consumed accounted for 51.14%, 49.56%, and 47.26% of our revenue for the Fiscals 2018, 2017 and 2016, respectively.

Change in inventories of finished goods and work in progress: Change in inventories of finished goods and work in progress indicate the difference between our opening and closing stock of finished and semi-finished goods. Change in inventories of finished goods and work in progress accounted for (4.08)%, (2.41)%, and 10.66% of our revenue for the Fiscals 2018, 2017 and 2016, respectively.

Employee benefit expenses: Employee benefit expenses comprises salaries, wages and bonus, contribution to the provident fund, family pension fund, employees' state insurance, staff welfare expenses and directors' remuneration. Employee benefit expenses accounted for 13.74%, 15.43% and 11.03% of our revenue for the Fiscals 2018, 2017 and 2016, respectively.

Finance costs: Finance costs comprises interest expense on term loans, unsecured loans, working capital loan, deposits and other borrowing costs. Finance cost accounted for 2.25%, 4.05% and 2.77% of our revenue for the Fiscals 2018, 2017 and 2016, respectively.

Depreciation and amortization: Depreciation and amortization comprises expenses on depreciation and amortization. Depreciation and amortization accounted for 3.96%, 5.46% and 4.24% of our revenue for the Fiscals 2018, 2017 and 2016, respectively.

Other expenses: Other expenses primarily comprises expenses on stores and packing, power and fuel, operative expenses and administrative and other expenses. Other expenses accounted for 21.68%, 24.70%, and 18.52 % of our revenue for the Fiscals 2018, 2017 and 2016, respectively.

Tax expenses

Tax expenses comprise the current tax and the deferred tax.

Results of Operations for Fiscal 2018 compared to Fiscal 2017

Income

Our revenue from operations increased by 24.50% to ₹ 7,675.29 million for Fiscal 2018 compared to ₹ 6,164.94 million for Fiscal 2017, as per our Restated Consolidated Financial Statements. However, excluding the total revenue of Harsha Abakus of ₹927.98 million in Fiscal 2017 from the consolidated revenue of our Company for Fiscal 2017, the revenue from operations of our Company increased by 46.56 % to ₹ 7,675.29 million for Fiscal 2018 as compared to the adjusted revenue from operations of ₹ 5,236.96 million for Fiscal 2017.

The increase in sales in Fiscal 2018 was achieved on account of improved global economic conditions leading to increased sales on a standalone basis from our India operations. Further, increase in sales from HEESRL, which increased wallet share from existing customers as well as addition of new customers, increase in sales HPBCCCL and HECCCL and general uptake in the economy leading to buoyant industrial and automotive sectors.

Other income increased by 96.80% to ₹ 368.57 million for Fiscal 2018 compared to ₹ 187.28 million for Fiscal 2017. This increase in other income was primarily due to gain on exchange rate fluctuation.

Expenses

Our total expenses increased by 16.03% to ₹ 7,133.77 million for Fiscal 2018 compared to ₹ 6,148.00 million for Fiscal 2017. This increase in expenses was primarily due to increase in cost of materials consumed.

Cost of materials consumed

Our cost of materials consumed increased by 30.65% to ₹ 4,113.33 million for Fiscal 2018 compared to ₹ 3,148.44 million for Fiscal 2017. This increase was primarily due to increased sales and price of raw materials.

Change in inventories of finished goods and work-in-progress

Our change in inventories of finished goods and work-in-progress decreased by 114.57% to ₹ (328.06) million for Fiscal 2018 compared to ₹ (152.89) million for Fiscal 2017. Our changes in inventories of finished goods indicate the difference between our opening and closing inventory of finished goods due to production.

Employee benefits expense

Our employee benefits expense increased by 12.73% to ₹ 1,104.83 million for Fiscal 2018 compared to ₹ 980.05 million for Fiscal 2017. This increase was primarily due to increase in salaries, wages and bonus etc.

Finance costs

Our finance costs decreased by 29.69% to ₹ 180.65 million for Fiscal 2018 compared to ₹ 256.96 million for Fiscal 2017. This decrease was primarily due to decrease in interest expenses, which was due to refinancing of existing borrowings.

Depreciation and Amortisation Expense

Our depreciation and amortisation expense decreased by 8.06% to ₹ 318.75 million for Fiscal 2018 compared to ₹ 346.69 million for Fiscal 2017.

Other expenses

Our other expenses increased by 11.19% to ₹ 1,744.26 million for Fiscal 2018 compared to ₹ 1,568.75 million for Fiscal 2017. This increase was primarily due to increase in: (i) storage and packaging expenses by 26.25% from ₹ 423.42 million for Fiscal 2017 to ₹ 534.57 million for Fiscal 2018; (ii) power and fuel consumption by 22.63 % from ₹225.72 million for Fiscal 2017 to 276.79 million for Fiscal 2018; (iii) administrative and other expenses by 21.19% from ₹ 564.33 million for Fiscal 2017 to ₹ 683.96 million for Fiscal 2018.

Profit before Tax

As a result of the foregoing factors, our profit before tax increased by 345.64% to ₹ 910.09 million for Fiscal 2018 compared to ₹ 204.22 million for Fiscal 2017. Our profit before tax in Fiscal 2018 was higher as compared to Fiscal 2017 on account of the various factors as listed below:

- There was a negative contribution to the extent of ₹ (61.66) million to our consolidated profit before tax by our subsidiary Harsha Abakus in Fiscal 2017. However, since it ceased to be our subsidiary with effect from March 31, 2017, there was no contribution from Harsha Abakus in our consolidated results in Fiscal 2018.

- Our Company acquired its plant in Romania in February 29, 2016 and Fiscal 2017 was the first full year of operation. Our Company faced operational issues during the first year of operation of the plant in Romania and incurred a loss in Fiscal 2017 of ₹ 139.99 million.

- Losses from our Company's Chinese subsidiary reduced in Fiscal 2018. The losses in Fiscal 2017 in our Company's subsidiaries in China and Romania contributed to a lower consolidated profit before tax in Fiscal 2017. In Fiscal 2018, on account of increase in sales in Romania and India and improvement in margins in India, Romania and China, higher profit before tax was registered.

Tax Expenses

Our tax expenses increased by 148.90% to ₹ 340.42 million for Fiscal 2018 compared to ₹ 136.77 million for Fiscal 2017, due to increase in both, current tax and deferred tax.

Profit for the Year

As a result of the foregoing factors, our profit for the year increased by 413.88 % to ₹ 565.94 million for Fiscal 2018.

Results of Operations for Fiscal 2017 Compared to Fiscal 2016

Income

Our revenue from operations decreased by 2.88% to ₹ 6,164.94 million for Fiscal 2017 compared to ₹ 6,347.70 million for Fiscal 2016. This was primarily on account of significant reduction in sales by our Company's erstwhile subsidiary, Harsha Abakus, where revenue from operations reduced from ₹ 2,444.73 million in Fiscal 2016 to ₹ 927.98 million in Fiscal 2017. Harsha Abakus ceased to be our subsidiary from March 30, 2017. Further, if the revenue from operations of Harsha Abakus is excluded from the total revenue of Fiscal 2017 and Fiscal 2016 of our Company, our adjusted revenue from operations increased by 34.00% to ₹ 5,236.96 million for Fiscal 2017 compared to ₹ 3,902.97 million for Fiscal 2016.

Other income decreased by 24.97% to ₹ 187.28 million for Fiscal 2017 compared to ₹ 249.61 million for Fiscal 2016. This decrease in other income was primarily due to loss on exchange rate fluctuation.

Expenses

Our total expenses decreased by 1.36% to ₹ 6,148.00 million for Fiscal 2017 compared to ₹ 6,232.76 million for Fiscal 2016. This increase in expenses was primarily due to change in inventories of finished goods.

Cost of materials consumed

Our cost of materials consumed increased by 0.98% to ₹ 3,148.44 million for Fiscal 2017 compared to ₹ 3,117.98 million for Fiscal 2016. This increase was primarily due to increased sales and price of raw materials.

Change in inventories of finished goods and work-in-progress

Our change in inventories of finished goods and work-in-progress decreased by 121.74 % to ₹ (152.89) million for Fiscal 2017 compared to ₹ 703.24 million for Fiscal 2016. Our changes in inventories of finished goods indicate the difference between our opening and closing inventory of finished goods due to production.

Employee benefits expense

Our employee benefits expense increased by 34.65% to ₹ 980.05 million for Fiscal 2017 compared to ₹ 727.84 million for Fiscal 2016. This increase was primarily due to increase in salaries, wages and bonus etc.

Finance costs

Our finance costs increased by 40.79% to ₹ 256.96 million for Fiscal 2017 compared to ₹ 182.51 million for Fiscal 2016. This increase was primarily due to increase in interest expenses.

Depreciation and Amortisation Expense

Our depreciation and amortisation expense increased by 24.05% to ₹ 346.69 million for Fiscal 2017 compared to ₹ 279.47 million for Fiscal 2016.

Other expenses

Our other expenses increased by 28.40% to ₹ 1,568.75 million for Fiscal 2017 compared to ₹ 1,221.72 million for Fiscal 2016. This increase was primarily due to increase in: (i) storage and packaging expenses by 20.04% from ₹ 352.72 million for Fiscal 2016 to ₹ 423.42 million for Fiscal 2017; (ii) power and fuel consumption by 43.38% from ₹ 157.43 million for Fiscal 2016 to ₹ 225.72 million for Fiscal 2017; (iii) operative expenses by 35.29% from ₹ 262.59 million for Fiscal 2016 to ₹ 355.28 million for Fiscal 2017; and (iv) administrative and other expenses by 25.69% from ₹ 448.98 million for Fiscal 2016 to ₹ 564.33 for Fiscal 2017.

Profit before Tax

As a result of the foregoing factors, our profit before tax decreased by 43.98% to ₹ 204.22 million for Fiscal 2017 compared to ₹ 364.55 million for Fiscal 2016. This reduction in profit before tax was attributable to loss incurred by our subsidiary Harsha Abakus of ₹ (61.66) million, our subsidiaries in China of ₹ (83.23) million and our subsidiary in Romania of ₹ (139.99) million in Fiscal 2017. Our Company acquired its plant in Romania in February 2016 and Fiscal 2017 was the first full year of operation.

Our Company faced operational issues during the first year of operation of the plant in Romania and incurred a loss in Fiscal 2017. However, the loss was significantly reduced in Fiscal 2018. Losses from our Company's Chinese subsidiary reduced in Fiscal 2018. The losses in Fiscal 2017 in our Company's subsidiaries in China and Romania contributed to a lower consolidated profit before tax in Fiscal 2017.

Tax Expenses

Our tax expenses increased by 18.44% to ₹ 136.77 million for Fiscal 2017 compared to ₹ 115.47 million for Fiscal 2016.

Profit for the Year

As a result of the foregoing factors, our profit for the year decreased by 53.03% to ₹ 110.13 million for Fiscal 2017 compared to ₹ 234.45 million for Fiscal 2016.

Liquidity and Capital Resources

The table below summarises the statement of cash flows, as per our restated statement of cash flows (*consolidated*), for Fiscals 2018, 2017 and 2016.

(₹ in million)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016
Net cash generated from operating activities	774.76	874.08	(699.43)
Net cash used in investing activities	(386.38)	50.66	(704.08)
Net cash used in financing activities	(560.09)	(1,011.92)	1,634.67

Cash Flows from Operating Activities

Fiscal 2018

Net cash generated from operating activities for Fiscal 2018 was ₹ 774.76 million, which was as a result of (i) adjustments to net profit before taxes primarily for depreciation, amortisation, depletion and impairment expenses of ₹ 318.75 million, finance cost of ₹ 180.65 million, and (ii) working capital changes primarily due to increase in trade payables of ₹ 396.65 million, which was partially offset by ₹ 524.91 million decrease in trade receivables and ₹ 344.91 million decrease in inventories.

Fiscal 2017

Net cash generated from operating activities for Fiscal 2017 was ₹ 874.08 million, which was as a result of (i) adjustments to net profit before taxes primarily for depreciation, amortisation, depletion and impairment expenses of 346.69 million, finance cost of ₹ 256.96 million, and (ii) working capital changes primarily due to increase in trade receivables of ₹ 1,188.80 million, which was partially offset by ₹ 609.86 million decrease in trade payables and ₹ 161.13 million decrease in inventories.

Fiscal 2016

Net cash used in operating activities for Fiscal 2016 was ₹ (699.43) million, which was as a result of (i) adjustments to net profit before taxes primarily for decrease in foreign currency translation reserve of ₹ 515.56 million which was partially offset by depreciation, amortisation, depletion and impairment expenses of 281.82 million, and (ii) working capital changes primarily due to decrease in trade receivables of ₹ 1,227.95 million, which was partially offset by increase in trade payables of ₹ 789.41 million and ₹ 620.98 million increase in inventories.

Cash Flows used in Investing Activities

Fiscal 2018

Net cash used in investing activities for Fiscal 2018 was ₹ 386.38 million, representing cash used in proceeds from sale of assets of ₹ 381.09 million and loans and advances of ₹ 159.02 million, which was partially offset by other investments of ₹ 133.91 million.

Fiscal 2017

Net cash generated from investing activities for Fiscal 2017 was ₹ 50.66 million, primarily representing cash used in proceeds from sale of assets of ₹ 41.88 million and loans and advances of ₹ 76.94 million, which was partially offset by other investments of ₹ 84.89 million.

Fiscal 2016

Net cash used in investing activities for Fiscal 2016 was ₹ 704.08 million, primarily representing cash used in proceeds from sale of assets of ₹ 757.48 million.

Cash Flows used in Financing Activities

Fiscal 2018

Net cash used in financing activities for Fiscal 2018 was ₹ 560.09 million, primarily representing cash used in borrowings of ₹ 381.96 million and finance cost of ₹ 180.65 million.

Fiscal 2017

Net cash used in financing activities for Fiscal 2017 was ₹ 1,011.92 million, primarily representing cash used in borrowings of ₹ 756.11 million and finance cost of ₹ 256.96 million.

Fiscal 2016

Net cash generated from financing activities for Fiscal 2016 was ₹ 1,634.67 million, primarily representing cash used in borrowings of ₹ 1,818.16 million.

Indebtedness

As of August 7, 2018 we had total borrowings, including current maturities, amounting to ₹ 2,981.61 million, which consisted of secured term loan from banks, non-fund based limit and bank guarantees unsecured loan from director and loans repayable on demand. For details, see *"Financial Indebtedness"* on page 319.

Contractual obligations and commitments

The following table sets forth certain information relating to future payments due under known contractual commitments as of March 31, 2018, aggregated by type of contractual obligation:

(₹ in million)

Particulars	Amount as of March 31, 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for	158.62

Contingent Liabilities

As of March 31, 2018, our contingent liabilities that have not been provided for were as follows:

(₹ in million)

Particulars	Amount
Bank Guarantee	16.80
Corporate guarantee for Harsha Abakus Solar Private Limited in favour of HDFC Bank Limited	60.15

For further details of certain matters which comprise our contingent liabilities, see *"Financial Statements"* beginning on page 166.

Off-Balance Sheet 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.

Related Party Transactions

We enter into various transactions with related parties. See "*Related Party Transactions*" on page 164.

Quantitative and Qualitative Analysis of Market Risks

We are exposed to various types of market risks during the course of our business. Market risk is the risk of loss arising out of adverse changes in market prices, including interest rate risk, commodity risk, credit risk, inflation risk and foreign currency exchange risk. Market risk is attributable to all market risk sensitive financial instruments including investments, foreign currency payables and debt. We are exposed to various types of market risks, in the normal course of business.

Commodity Price Risk

Commodity price risk is the possibility of impact from changes in the prices of raw materials. We are exposed to market risk with respect to the prices of certain raw materials used for our products, including brass, steel and polyamide which are a primary raw material for the products manufactured at our facilities. The costs for these materials are based on commodity prices and subject to fluctuations. The costs of components sourced from outside manufacturers may also fluctuate based on their availability from suppliers.

Interest Rate Risk

We are exposed to interest rate risk resulting from fluctuations in interest rates on our borrowings. While all of our long term borrowings from banks and financial institutions are on fixed rate basis, our working capital borrowings primarily consist of floating rate obligations linked to the applicable benchmark rates, which may typically be adjusted at certain intervals in accordance with prevailing interest rates. Increases in interest rates would increase interest expenses relating to our outstanding floating rate borrowings and increase the cost of new debt. In addition, an increase in interest rates may adversely affect our ability to service long-term debt and to finance development of new projects, all of which in turn may adversely affect our results of operations.

Credit Risk

We are subject to the risk that our counterparties under various financial or customer agreements will not meet their obligations. If our customers do not pay us promptly, or at all, it may affect our working capital cycle and/or we may have to make provision for or write-off on such amounts.

Foreign Currency Exchange Rate Risk

Although our Company's reporting currency is in Indian Rupees, we transact a significant portion of our business in several other currencies. In the Fiscals 2018, 2017 and 2016, our direct export sales on a standalone basis were ₹ 2,315.85 million, ₹ 1,651.35 million and ₹ 1,490.32 million, respectively, and as a percentage of our revenue, were 28.79%, 26.00% and 46.22%, respectively. In the Fiscals 2018, 2017 and 2016, our sales by our foreign subsidiaries were ₹ 2,602.13 million, ₹ 1,679.28 million and ₹ 608.67million, respectively, and as a percentage of our revenue, were 33.90%, 27.24% and 9.59%, respectively.

Our revenue, expenses, assets or liabilities are denominated in a currency other than the Indian Rupee. For the Fiscal 2018, 2017, and 2016, on a standalone basis 54.35%, 53.58% and 54.16% of our revenue and 2.68%, 2.05% and 2.74% of our total expenses were denominated in foreign currencies, respectively. Further, for the Fiscal 2018, 2017 and 2016 out of total revenue, 33.90%, 27.24% and 9.59% are contributed by foreign subsidiaries. Further, we continue to incur non-Indian Rupee indebtedness in the form of foreign currency denominated borrowings and packing credit, which creates foreign currency exposure in respect of our cash flows and ability to service such debt. Some of the portion of our equipment purchases, a portion of our material costs, travelling expenses and third party warehouse expenses are denominated in foreign currencies, while our export revenue is also denominated in foreign currencies, principally USD, Euro and RMB.

Accordingly, our exchange rate risk primarily arises from our foreign currency revenues, costs and other foreign currency assets and liabilities to the extent that there is no natural hedge. We may be affected by significant fluctuations in the exchange rates between the Indian rupee and other currencies.

Inflation

In recent years, India has experienced relatively high rates of inflation. 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. While we believe inflation has not had any material impact on our business and results of operations, inflation generally impacts the overall economy and business environment and hence could affect us.

Significant economic and regulatory changes

Other than as described in "- *Significant Factors Affecting Our Results of Operations and Financial Condition*", *"Risk Factors"* and *"Regulations and Policies"* beginning on pages 322, 13 and 129, respectively, to the knowledge of the management of our Company, there are no other significant economic changes that materially affect or are likely to affect income from continuing operations.

Unusual or infrequent events of transactions

Except as described in this Draft Red Herring Prospectus, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

Competitive conditions

We operate in a competitive environment. For details, see discussion regarding our competitors in "*Risk Factors"* and *"Our Business"* beginning on pages 13 and 112, respectively.

Known trends or uncertainties

Our business has been affected and we expect will continue to be affected by the trends identified above in "*- Significant Factors Affecting Our Results of Operations and Financial Condition*" beginning on page 322 and the uncertainties described in "*Risk Factors*" beginning on page 13. To our knowledge, except as described in this Draft Red Herring Prospectus, there are no known factors which we expect will have a material adverse effect on our revenues or income from continuing operations.

Future Relationship between Cost and Income

Other than as described in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 13, 112 and 321, respectively, to our knowledge, no future relationship between expenditure and income is expected to have a material adverse impact on our operations and finances.

Dependence on a few customers and suppliers

A majority of our customers are marquee global bearing manufacturers. We have in the past, and may in the future derive a significant portion of our revenues from limited number of customers. In Fiscal 2018, our three largest customer groups contributed 82.71% of our total consolidated revenue and our top five customer groups on a consolidated basis constituted 89.18% of our total consolidated revenue.

The demand for our products is directly related to the general economic conditions which drives consumption of industrial, automotive and other components drives the usage of our products, i.e. bearing cages (used for manufacture of bearings) and other stamped components. The manufacturing and sales of our products may be affected by a general change in economic or industry conditions, trends in the global and domestic economies, as well as evolving regulatory requirements, government initiatives, trade agreements and other factors. A sustained decline in the demand for our customers' products could prompt them to cut their production volumes, in turn affecting their demand for our products.

As our business is currently concentrated among relatively few significant 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 significantly reduced for any reason, including as a result of a dispute with or disqualification by, a major customer. Further, consolidation of any of our customers may also adversely affect our existing relationships and arrangements with such customers, and any of our customers that are acquired may cease to use our services.

Seasonality of Business

Our business is not seasonal in nature.

New products or segments

Venturing into a new product line may require methods of operations and marketing and financial strategies, different from those currently employed in our Company. We may not 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 defects in products.

Qualifications, reservations, and adverse remarks in the last five fiscal years

There are no qualifications, reservations and adverse remarks by our statutory auditor for the previous five fiscal years.

Significant developments after March 31, 2018 that may affect our future results of operations

Our subsidiary, HPBCCCL has received 3 million RMB as part of the total consideration as on July 31, 2018, a part of the outstanding consideration will be received upon Ascend Intelligent Technology (Suzhou) Co. Ltd. receiving new real estate building owner certificate and the remaining amount will be received upon Closing. For details, see "*Our Business*" beginning on page 321. Additionally, the 'Master Purchase Agreement' executed with one of our leading customer groups expired after completion of a ten year term on March 31, 2018. Whilst the term of the 'Master Purchase Agreement' lapsed on April 1, 2018, the customary renewal process has been initiated, wherein, we are currently negotiating certain commercial terms and are hopeful of executing a new long-term agreement with such leading customer group in line with the previous 'Master Purchase Agreement'. Our Company declared bonus issue of 12,041,400 equity shares in the ratio of one equity share to existing one equity share each on June 27, 2018. For details, see "*Capital Structure - Share Capital History and Securities Premium of our Company*" beginning on page 63. Further, except as stated above and as disclosed in this Draft Red Herring Prospectus, no circumstances have arisen since the date of our Restated Financial Statements as disclosed in this Draft Red Herring Prospectus which materially and adversely affect or are likely to affect the operations or profitability of our Company, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

The details of outstanding litigation or proceedings relating to our Company, our Subsidiaries, our Group Companies, our Directors and our Promoters are described in this section in the manner as set forth.

Disclosure of litigation involving our Company and our Subsidiaries:

Except as disclosed below there are no (i) outstanding criminal proceedings involving our Company and our Subsidiaries, (ii) actions taken by regulatory or statutory authorities involving our Company and our Subsidiaries, (iii) outstanding taxation related proceeding involving our Company and our Subsidiaries, (iv) other outstanding matters involving our Company and our Subsidiaries which are considered as material in terms of the materiality policy (as disclosed herein below) and, (v) outstanding matters involving our Company and our Subsidiaries pertaining to violations of securities law..

It is clarified that pre-litigation notices (other than those issued by governmental, Regulatory or Statutory authorities) received by our Company, our Subsidiaries, Directors, Promoters or the Group Companies shall not be considered as litigation until such time that any of Company, our Subsidiaries, Directors, Promoters or the Group Companies, as the case may be, are made a party to proceedings initiated before any court, tribunal or governmental authority, or is notified by any governmental, Regulatory or Statutory authority of any such proceeding that may be commenced.

In relation to (iv) above, given the nature and extent of operations of our Company and our Subsidiaries, the outstanding litigation involving our Company and our Subsidiaries which exceeds 1% of the profit after tax of our Company, as per the Restated Standalone Financial Statements (for Fiscal 2018) would be considered material for our Company. The profit after tax of our Company, as per the Restated Standalone Financial Statements (for Fiscal 2018) was ₹ 608.20 million. Accordingly, we have disclosed all outstanding litigation involving our Company and our Subsidiaries where (i) the aggregate amount involved exceeds ₹ 6.08 million, being an amount which is 1% of the profit after tax of our Company, as per the Restated Standalone Financial Statements (for Fiscal 2018) individually, (ii) the decision in one case is likely to affect the decision in similar cases, even though the amount involved in that individual litigation may not exceed ₹ 6.08 million, and (iii) all other outstanding litigation which may not meet the specific threshold and parameters as set out in (i) or (ii) above, but where an adverse outcome would materially and adversely affect the business, operations or financial position or reputation of our Company.

Our Board has also approved that dues owed by our Company on a standalone basis to the small scale undertakings and other creditors exceeding 5% of the total outstanding dues (that is trade payables, as per the Restated Standalone Financial Statements) owed to the small scale undertakings and other creditors would be considered as material dues for our Company and accordingly, we have disclosed consolidated information of outstanding dues owed to small scale undertakings and other creditors, separately giving details of number of cases and amount for all dues where each of the dues exceed ₹ 41.60 million (being an amount which is approximately 5% of the total outstanding dues (that is trade payables, as per the Restated Standalone Financial Statements) owed by our Company to the small scale undertakings and other creditors as at Fiscal 2018).

For details of the manner of disclosure of litigation relating to our Promoters, Directors and Group Companies, see "Outstanding Litigation and Material Developments – Litigation involving our Promoters", "Outstanding Litigation and Material Developments – Litigation involving our Directors" and "Outstanding Litigation and Material Developments – Litigation involving our Group Companies" on pages 346, 346 and 347.

I. Litigation involving our Company

A. Litigation filed against our Company

Matters involving an amount exceeding ₹ 6.08 million

1. The office of Commissioner of Income Tax, Appeals – VIII, Ahmedabad ("**CIT(A)**") filed an appeal ("**CIT(A) Appeal**") before the High Court of Gujarat, at Ahmedabad ("**High Court Appeal**") against the order passed by the Income Tax Appellate Tribunal, Ahmedabad ("**ITAT Order**"). The ITAT Order was pursuant to an order passed by the Commissioner of Income Tax (Appeals) ("**CIT(A)**") ("**CIT(A) Order**"), which was with respect to an appeal filed by our Company, in relation to the assessment order passed by the Assistant Commissioner of Income Tax, Circle -4, Ahmedabad ("**ACIT**"), for the assessment year 2007-2008 ("**Assessment Order**"). In terms of the Assessment Order, the ACIT had disallowed certain deductions made by our Company, (i) under Section 10B of the IT Act amounting to ₹12.80 million ("**10B Deduction**"); and (ii) disallowance of interest expenses under section 14A of the IT Act, amounting to ₹ 0.76 million. The CIT(A), pursuant to the CIT(A) Order, partly allowed the appeal filed by our Company and deleted the disallowance made by the ACIT with respect to the 10B Deduction. Subsequently, the ACIT filed an appeal before the ITAT, challenging the CIT(A) Order, which was consequently dismissed by the ITAT, pursuant to the ITAT Order. Hence, the High Court Appeal. The matter is currently pending.

2. The Assessing Officer, Income Tax Department, Range – 4, Ahmedabad ("**Assessing Officer**") passed an assessment order ("**Assessment Order**") against our Company disallowing the deductions claimed by our Company amounting to ₹ 8.51 million, in the assessment year 2008-2009, in relation to *inter alia* revenue earned from power generation by one of the windmills installed by our Company, under section 80IA(iv) of the IT Act ("**Disallowances**"). Subsequently, our Company filed an appeal against the Assessment Order before the Commissioner of Income Tax (Appeals) – VIII, Ahmedabad ("**CIT(A)**") challenging the disallowances made by the Assessing Officer. The CIT(A), passed an order ("**CIT(A) Order**"), partly allowing the appeal filed by our Company, thereby directing the Assessing Officer, to allow the claim made by our Company and re-compute the deductions made by our Company, factoring in financial and administrative costs borne by the Company. The Assistant Commissioner of Income Tax, Ahmedabad, filed an appeal before the Income Tax Appellate Tribunal, Ahmedabad ("**ITAT**"), which was consequently dismissed by the ITAT, pursuant to which, the Principal Commissioner of Income Tax -2, and Ahmedabad filed an appeal before the High Court of Gujarat, at Ahmedabad, challenging the order passed by the ITAT. The matter is currently pending.

3. The Assessing Officer, Income Tax Department, Range – 4, Ahmedabad ("**Assessing Officer**") passed an assessment order ("**Assessment Order**") against our Company disallowing (i) the deductions claimed by our Company amounting to ₹ 10.60 million, in the assessment year 2009-2010, in relation to *inter alia* revenue earned from power generation by one of the windmills installed by our Company, under section 80IA(iv) of the IT Act ("**Disallowance 1**"); (ii) disallowance of ₹ 1.20 million out of the total legal and professional fees expenditure claimed by our Company; (iii) disallowance of ₹ 0.53 million on account of provisions for doubtful debts; and (iv) disallowance of ₹0.39 million under Section 37(1) of the IT Act (Disallowance 1 along with other disallowances, "**Disallowances**"). Subsequently, our Company filed an appeal against the Assessment Order before the Commissioner of Income Tax (Appeals) – VIII, Ahmedabad ("**CIT(A)**") challenging the Disallowances made by the Assessing Officer. The CIT(A), passed an order ("**CIT(A) Order**"), partly allowing the appeal filed by our Company, and further directing the Assessing Officer, to allow the claim made by our Company with respect to Disallowance 1. The Assistant Commissioner of Income Tax, Ahmedabad, filed an appeal before the Income Tax Appellate Tribunal, Ahmedabad ("**ITAT**"), which was consequently dismissed by the ITAT, pursuant to which, the Principal Commissioner of Income Tax -2, Ahmedabad filed an appeal before the High Court of Gujarat, at Ahmedabad, challenging the order passed by the ITAT. The matter is currently pending.

4. Our Company filed an appeal before the Commissioner of Income Tax (Appeals), Ahmedabad ("**CIT(A)**") challenging the assessment order ("**AO**") passed by the Deputy Commissioner of Income Tax, Circle -2(1)(1), Ahmedabad ("**DCIT**"), with respect to the assessment year 2013-2014. In terms of the AO, the DCIT had made certain disallowances with respect to (i) disallowance of depreciation on plant and machinery amounting to ₹ 0.17 million; (ii) disallowance of interest expenses under section 14A of the IT Act, amounting to ₹ 8.91 million ("**Disallowances**"). The DCIT further issued a demand notice amounting to ₹ 3.84 million payable by our Company. The CIT(A) passed an order ("**CIT(A) Order**"), partially allowing the appeal filed by our Company and further deleted Disallowances made by the DCIT. Subsequently, the DCIT filed an appeal before the Income Tax Appellate Tribunal, Ahmedabad. The matter is currently pending.

5. Our Company filed an appeal before the Commissioner of Income Tax (Appeals), Ahmedabad ("**CIT(A)**") challenging the assessment order ("**AO**") passed by the Deputy Commissioner of Income Tax, Circle -2(1)(1), Ahmedabad ("**DCIT**"), with respect to the assessment year 2014-15. In terms of the AO, the DCIT had made certain disallowances with respect to disallowance of interest expenses under section 14A of the IT Act, amounting to ₹ 15.40 million ("**Disallowance**"). The DCIT further issued a demand notice amounting to ₹ 15.10 million payable by our Company, along with interest, if any applicable ("**Demand**"). Subsequent to such Demand, our Company paid ₹ 1.02 million as margin tax. The CIT(A) passed an order ("**CIT(A) Order**"), partially allowing the appeal filed by our Company and further deleted Disallowance made by the DCIT. Subsequently, the DCIT filed an appeal before the Income Tax Appellate Tribunal, Ahmedabad. The matter is currently pending.

Matters involving an amount below ₹ 6.08 million, individually

In addition to the proceedings disclosed herein above, our Company is involved in certain matters pending before *inter-alia* Superintendent of Central Excise, Additional Commissioner C-Excise, Custom House, in respect of ST credit and courier bill of excise.

Actions taken by Regulatory or Statutory Authorities

1. In the normal course of business, our Company has received multiple show cause notices, dated *inter alia*, October 18, 2013, March 12, 2014, May 22, 2014, January 30, 2015, December 4, 2015, February 26, 2016, June 2, 2016, June 15, 2016, October 26, 2016, January 30, 2017 and May 23, 2017 from the GPCB with respect to our manufacturing units located at Changodar and Moraiya, India in relation to, *inter alia*, alleged violation of non-functioning of the effluent treatment plants, non-maintenance of records for handling of hazardous wastes, non-fulfilment of conditions mentioned in the consent order and improper treatment of

sludge under various provisions of the Hazardous Wastes Rules, Air and Water Act. Our Company, has by way of letters adequately responded to the above show cause notices stating amongst other things, that it has carried out all necessary actions and rectifications required to comply with the requirements under the Hazardous Wastes Rules, Air and Water Act. Subsequently, our Company has not received any further communication and no penalty has been imposed by the GPCB in relation to alleged violations.

B. Litigation filed by our Company

Matters considered material

Our Company ("**Petitioner**") filed a special civil application ("**Petition**") before the High Court of Gujarat at Ahmedabad ("**High Court**") to set aside an order passed by the Additional Senior Civil Judge, Vadodara ("**Civil Judge**") in relation to a suit filed by the Petitioner against Champa Puri-Chem Industries ("**Respondent**") in relation to fraudulent transfer of the property purchased by the Respondent from the Petitioner by submitting *inter-alia* deed of assignment to Gujarat Industrial Development Corporation, pending payment of the balance consideration in respect of the property ("**Suit**"). The Petitioner by way of the Suit prayed for recovery of ₹ 8.55 million along with interest at 12% per annum. Subsequently, the Civil Judge passed an order granting the Respondent unconditional leave to defend the Suit on the grounds that the issues between the parties could only be resolved upon producing sufficient evidence before the court (the "**Order**"). Consequently, the Petitioner challenged the Order before the High Court. The amount involved in this matter is ₹ 8.55 million and this matter is currently pending.

II. Litigation involving our Subsidiaries

A. Litigation filed against our Subsidiaries

Actions taken by Regulatory or Statutory Authorities

On September 29, 2017, HEESRL was subject to a fine from the National Environmental Guard of Romania, for 30,000 Ron pursuant to installation of dross processing machine without obtaining the approval of the environment authority. In accordance with the provisions of article 28 of Government Ordinance 2/2001, which allows the company to pay half of the fine within 48 hours to absolve itself of the whole fine, HEESRL has already paid 15,000 Ron within 48 hours from the date of being fined and absolved itself of the entire fine amount**.** There are no outstanding judicial proceedings in relation to the fine.

III. Litigation involving our Promoters

Disclosure of litigation involving our Promoters*: Our Board has determined that all outstanding litigation against our Promoters where an adverse outcome would materially and adversely affect the business, operations or financial position or reputation of our Company, would be considered as material for our Company and accordingly, each of the individual Promoters shall identify and provide information relating to such outstanding litigation involving themselves.*

On the basis of the above, except as disclosed below, there are no (i) outstanding criminal litigation involving our Promoters, (ii) actions taken by regulatory or statutory authorities against our Promoters, (iii) outstanding tax proceedings involving our Promoters; (iv) outstanding matters involving our Promoters pertaining to violation of securities laws, and (v) outstanding litigation involving our Promoters whose outcome could have a material and adverse effect on our Company's results of operations or financial position.

Litigation filed against our Promoters

Actions taken by Regulatory or Statutory Authorities

For details in relation to past actions taken by Regulatory or Statutory Authorities against Rajendra Shantilal Shah and Harish Ranjit Rangwala, see "*- Litigation involving our Directors - Actions taken by Regulatory or Statutory Authorities*" on page 347.

IV. Litigation involving our Directors

Disclosure of litigation involving our Directors*: Our Board has determined that all outstanding litigation against our Directors where an adverse outcome would materially and adversely affect the business, operations or financial position or reputation of our Company, would be considered as material for our Company and accordingly, each of the individual Directors shall identify and provide information relating to such outstanding litigation involving themselves.*

On the basis of the above, except as disclosed below, there are no (i) outstanding criminal litigation involving our Directors, (ii) actions taken by regulatory or statutory authorities against our Directors, (iii) outstanding tax proceedings involving our Directors, (iv) outstanding matters involving our Directors pertaining to violation of securities laws, and (v) outstanding litigation above the materiality threshold or any other outstanding litigation *involving our Directors whose outcome could have a material and adverse effect on our Company's results of operations or financial position.*

Litigation filed against our Directors

Actions taken by Regulatory or Statutory Authorities

Our directors Rajendra Shantilal Shah, Harish Ranjit Rangwala and Jitendra Ujamsi Mamtora have been subject to regulatory actions by SEBI by virtue of being directors in a public listed entity Transformers & Rectifiers (India) Limited that failed to comply with minimum 25% public shareholding requirements as prescribed in rules 19(2)(b) and 19A of SCRR, read with section 21 of SCRA and clause 40(a) of the erstwhile listing agreement. The whole time director of SEBI passed an order on June 4, 2013 ("**2013 SEBI Interim Order**") in relation to non-compliance with the requirement of minimum public shareholding ("**MPS**") by certain listed companies, including Transformers & Rectifiers (India) Limited and restrained its directors from buying, selling or dealing in securities of their respective companies and from holding any new positions as a director in any listed companies. Transformers & Rectifiers (India) Limited's public shareholding as on the date of the SEBI Interim Order was found to be 23.18% and as a result show cause notice was issued in relation to non-compliance. SEBI through its letter dated April 15, 2013 ("**SEBI Letter**") directed Transformers & Rectifiers (India) Limited to increase its MPS within 10 days from the receipt of the communication of the SEBI Letter. Transformers & Rectifiers (India) Limited as a corrective measure undertook a bonus issue of equity shares in the ratio of 1:9 to the public shareholders on June 18, 2013 in order to comply with the MPS norms and no further regulatory action was pursued against Transformers & Rectifiers (India) Limited, its directors, promoter and promoter group.

V. Litigation involving our Group Companies

Disclosure of litigation involving our Group Companies: *Our Board has approved that the outstanding litigation involving our Group Companies which exceed 1% of the profit after tax of our Company, as per the Restated Standalone Financial Statements, (for Fiscal 2018) would be considered material for our Group Companies. Accordingly, we have disclosed all material outstanding litigation involving our Group Companies where (i) the aggregate amount involved exceeds ₹ 6.08 million (being an amount which is 1% of the profit after tax of our Company, as per the Restated Standalone Financial Statements (as at and for Fiscal 2018), individually, (ii) the decision in one case is likely to affect the decision in similar cases, even though the amount involved in that individual litigation may not exceed ₹ 6.08 million; and (iii) all other outstanding litigation which may not meet the specific threshold and parameters as set out in (i) or (ii) above, but where an adverse outcome would materially and adversely affect the business, operations or financial position or reputation of our Company.*

On basis of the above, except as disclosed below, there are no (i) outstanding criminal litigation involving our Group Companies, (ii) actions taken by regulatory or statutory authorities against our Group Companies, (iii) outstanding tax proceedings involving our Group Companies, (iv) outstanding matters involving our Group Companies pertaining to violation of securities laws, and (v) outstanding litigation above the materiality threshold or any other outstanding litigation involving our Group Companies whose outcome could have a material and adverse effect on our Company's results of operations or financial position.

A. Litigation filed against our Group Companies

Harsha Abakus Solar Private Limited

Matters involving an amount exceeding ₹ 6.08 million

1. Orchestrate Systems Private Limited (the "**Petitioner**") filed a civil suit (the "**Suit**") for recovery of alleged outstanding amount and additional damages, against Harsha Abakus Solar Private Limited (the "**Respondent**") before the City Civil Court, Bengaluru (the "**Court**"), with respect to, *inter alia*¸ recovery of an amount of ₹ 150 million due to delayed execution of power purchase agreement by the Respondent. The Suit has been filed as a counter to Respondent's winding up petition against the Petitioner for recovery of an amount of ₹ 68.59 million. The Respondent filed its written statement on June 13, 2016 and on March 6, 2018 the Court passed an order for withdrawal of the counter claim filed by the Respondent. The Suit is currently pending before the Court.

B. Litigation filed by our Group Companies

Harsha Abakus Solar Private Limited

Criminal matters

1. Harsha Abakus Solar Private Limited (the "**Plaintiff**") has filed a criminal case (the "**Case**") against a partnership firm called Greenpil Renewable Energy (the "**Defendant**") before the Judicial Magistrate First

Class, Sanand (the "**Court**"), with respect to, *inter alia*¸ recovery of a post-dated cheque of Axis Bank Limited of ₹ 0.99 million (the "**Cheque**") issued in favour of the Plaintiff for purchase orders issued by the Plaintiff to the Defendant to complete assigned construction work. It is alleged by the Plaintiff that the Cheque became due to the Plaintiff upon Defendant's refusal to complete the assigned construction work and when the Cheque was presented for clearing, the same was once dishonoured due to insufficient funds in Defendant's bank account and the second time, the payment was stopped by the Defendant. Aggrieved with the continuous dishonouring of the Cheque, the Plaintiff issued a legal notice on the Defendant under section 138 read with section 141 of the Negotiable Instruments Act, 1881 and filed the Case before the Court claiming appropriate compensation and action against the Defendant under the provisions of Negotiable Instruments Act, 1881 and section 357 of the Code of Criminal Procedure, 1973. The Case is currently pending before the Court.

Matters involving an amount exceeding ₹ 6.08 million

1. Harsha Abakus Solar Private Limited (the "**Petitioner**") has filed a suit (the "**Suit**") for winding up/liquidation of Orchestrate Systems Private Limited (the "**Respondent**") before the High Court of Karnataka at Bengaluru (the "**Court**"), with respect to, *inter alia*¸ for recovery of unpaid invoice of ₹ 68.50 million by the Petitioner in relation to construction of two megawatt solar plant in Chhattisgarh for the Respondent. The Petitioner filed an application before the Court restraining the Respondent from selling its fixed assets, pursuant to which parties have mutually decided to settle the dispute outside Court.

2. Harsha Abakus Solar Private Limited (the "**Petitioner**") has filed an application (the "**Application**") for recovery of delayed payments of invoices against Orchestrate Systems Private Limited (the "**Respondent**") before the Gujarat State Level Facilitation Council, Gandhinagar (the "**Council**"), pursuant to the Micro, Small and Medium Enterprises Development Act, 2006 ("**MSMED Act**") with respect to, *inter alia*¸ for alleged non-payment of outstanding amount of invoices of ₹ 68.59 million plus applicable interest for delay in payment by the Respondent. The first set of conciliation hearings were held on December 22, 2017 however, the State Level Facilitation Cell (the "**SLFC**") held the conciliation hearings to be non-conclusive and referred the dispute for arbitration to Gujarat Chamber of Commerce and Industry (the "**Order**"). The Respondent filed a separate civil suit (the "**Suit**") before the Principal Civil Judge, Sanand, Ahmedabad (the "**Principal Civil Judge**") for, *inter alia*, (i) declaring the above Order of the SLFC bad, illegal, without any authority of law and ultra vires the provisions of the MSMED Act; and (ii) a permanent injunction restraining Gujarat Chamber of Commerce and Industry from initiating arbitration proceedings and passing any *ex-parte ad-interim* injunction. The Suit is currently pending before the Principal Civil Judge. The matter is currently pending. In addition, the Petitioner filed a civil miscellaneous application (the "**Miscellaneous Application**") before the Commercial Court at City Civil Court, Ahmedabad (the "**City Civil Court**") for interim measures under Section 9 of the Arbitration and Conciliation Act, 1996. The Miscellaneous Application is also currently pending before the City Civil Court.

C. Tax Proceedings

We have disclosed claims relating to direct and indirect taxes involving our Company, Subsidiaries, Promoters, Directors and Group Companies, in a consolidated manner giving details of the number of cases and total amount involved in such claims:

Nature of Case	Number of Cases	Amounts Involved (in ₹ million)
Company		
Direct Tax	5	62.09
Indirect Tax	14	29.38
Subsidiaries		
Direct Tax	-	-
Indirect Tax	-	-
Promoters		
Direct Tax	-	-
Indirect Tax	-	-
Director		
Direct Tax	-	-
Indirect Tax	-	-
Group Companies		
Direct Tax	-	-
Indirect Tax	-	-

D. Outstanding dues to Small scale undertakings or any other creditors

Our Company, in its ordinary course of business, has outstanding dues aggregating to ₹ 1,165.42 million as of March 31, 2018 as per its Restated Consolidated Financial Statements. Company owes the following amounts, whereby material dues to creditors are identified as each creditor to whom an amount equal to or exceeding ₹ 41.60 million, *being an amount which is 5% of the total outstanding dues (that is trade payables) as per the Restated Standalone Financial Statements, owed by our Company to the small scale undertakings and creditors as at Fiscal 2018)*. Set forth is the summary of the outstanding dues of our Company, as per our Restated Standalone Financial Statements:

Particulars	Number of creditors	(in ₹ million)
Dues to small scale undertakings*	-	-
Material dues to creditors**	3	443.30
Other dues to creditors	593	388.62
Total	**596**	**831.92**

* *As per the status of creditors under the Micro, Small and Medium Enterprises Development Act, 2006*

** *As per the materiality policy*

The details pertaining to material dues to creditors are available on the website of our Company at http://www.harshaengineers.com/InvestorRelations.php. It is clarified that such details available on our website do not form a part of this Draft Red Herring Prospectus. Anyone placing reliance on any other source of information, including our Company's website, would be doing so at their own risk.

B. Material Developments

For details of material developments since the last balance sheet date, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on page 321.

GOVERNMENT AND OTHER APPROVALS

Our business requires various approvals, licenses, registrations and permits issued by relevant regulatory authorities of the respective jurisdictions under various rules and regulations. Set out below is an indicative list of such approvals, licenses, registrations and permits obtained by our Company, and our Subsidiaries, as applicable, for the purposes of undertaking their respective business. In view of such approvals, our Company can undertake the Offer and its current business activities. Additionally, unless otherwise stated, these approvals, licenses, registrations and permits are valid as on the date of this Draft Red Herring Prospectus. Certain approvals, licenses, registrations and permits may expire periodically in the ordinary course and applications for renewal of such expired approvals are submitted in accordance with applicable requirements and procedures.

We have also set forth below (i) approvals or renewals applied for but not received; (ii) approvals expired and renewal yet to be applied for; and (iii) approvals required however yet to be obtained or applied for. For further details in connection with the applicable regulatory and legal framework, see "Regulations and Policies" on page 129.

I. Approvals in relation to the Offer

For the approvals and authorisations obtained by our Company in relation to the Offer, see "*Other Regulatory and Statutory Disclosures – Authority for the Offer*" on page 321.

In-principle listing approvals

1. In-principle approval from BSE dated [●].

2. In-principle approval from NSE dated [●].

II. Incorporation details of our Company

1. Certificate of incorporation dated March 4, 1986 issued by the RoC, to our Company.

2. Fresh certificate of incorporation issued by the RoC, upon our Company becoming a deemed public limited company under Section 43A(1) of the Companies Act, 1956, and the word "private" was struck off from the name of our Company with effect from July 1, 1998.

3. Fresh certificate of incorporation dated September 18, 2001 issued by the RoC, upon change of name of our Company from 'Harsha Engineers Private Limited' to 'Harsha Engineers Limited'.

III. Approvals in relation to the establishments and business operations of our Company issued by authorities of the respective jurisdictions in which our facilities are located

Changodar facility

1. Certificate dated November 28, 2017 issued by the GPCB under the Water Act, Air Act and Hazardous Wastes Rules granting consent for the manufacture of various products, discharge of effluents, air emissions and treatment and disposal of hazardous wastes subject to compliance with various terms and conditions.

2. License dated March 22, 2016 issued by the Directorate Industrial Security and Health, Gujarat under the Factories Act to operate the facility as a factory.

3. Certificate of registrations under the Contract Labour (Regulation and Abolition) Act, 1970 dated September 21, 1998 issued by the Office of the Registering Officer, for the employment of contract labour;

4. Certificates of acknowledgment dated January 13, 2012 of IEM issued by the MCI for manufacture of *inter alia* generation of solar power.

5. Certificate of acknowledgment dated August 12, 2008 of IEM issued by the MCI for manufacture of *inter alia* ball and roller bearing cages / retainers for all types of bearing, auto components and sheet metal components.

6. Electrical layout of the Changodar facility approved by the Electrical Inspector, Ahmedabad dated August 21, 2006.

Moraiya facility

1. Certificate dated March 31, 2018 issued by the GPCB under the Water Act, Air Act and Hazardous Wastes Rules granting consent for the manufacture of various products, discharge of effluents, air emissions and treatment and disposal of hazardous wastes subject to compliance with various terms and conditions.

2. Certificate of acknowledgment dated July 6, 2011 of IEM issued by the MCI for manufacture of *inter alia* ball and roller bearing cages / retainers for all types of bearing, auto components and sheet metal components.

3. Certificate of registrations under the Contract Labour (Regulation and Abolition) Act, 1970 dated August 20, 1999 issued by the Office of the Registering Officer, for the employment of contract labour;

4. Certificates of acknowledgment dated January 13, 2012 of IEM issued by the MCI for manufacture of *inter alia* generation of solar power.

5. License dated March 22, 2016 issued by the Directorate Industrial Security and Health, Gujarat under the Factories Act to operate the facility as a factory.

7. Electrical layout of the Moraiya facility approved by the Electrical Inspector, Ahmedabad dated March 15, 2011.

Others

1. Registration for employees' provident fund issued by the Employees' Provident Fund Organisation under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952;

2. Registration for employees' insurance dated July 22, 2010, issued by the Regional Office, Employees State Insurance Corporation under the Employees' State Insurance Act, 1948;

3. Various tax related approvals including GST registration, permanent account number and tax deduction number; and

4. Certificate of registration of trademark of "Harsha Engineers" dated February 16, 2000.

Approvals in relation to our Subsidiaries

Approvals in addition to those listed above, specific to each of our Subsidiaries are set out below:

Approvals obtained by Aastha Tools Private Limited

1. Certificate of incorporation dated August 5, 2002 issued by the RoC.

2. Certificate dated May 26, 2005 issued by the MCI for allotment of importer-exporter code number.

3. License dated December 27, 2017 issued by the Directorate Industrial Security and Health, Gujarat under the Factories Act to operate the facility as a factory.

4. Certificate of registrations under the Contract Labour (Regulation and Abolition) Act, 1970 dated April 17, 2007 issued by the Office of the Registering Officer, for the employment of contract labours.

5. Certificate of registration of establishment dated July 22, 2010, issued by Employees' State Insurance Corporation, 1948 under the Employee's State Insurance Act, 1948.

6. Certificates of acknowledgment dated August 7, 2012 of IEM issued by the District Industries Centre, Ahmedabad, for setting up of micro, small or medium enterprises.

7. Registration for employees' provident fund issued by the Employees' Provident Fund Organisation under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

8. Certificate dated December 7, 2017 issued by the GPCB under the Water Act, Air Act and Hazardous Wastes Rules granting consent for the manufacture of various products, discharge of effluents, air emissions and treatment and disposal of hazardous wastes subject to compliance with various terms and conditions.

9. Various tax related approvals including GST registration, permanent account number and tax deduction number.

Approvals obtained by Harsha Engineers (India) Private Limited

1. Certificate of incorporation dated July 17, 2008 issued by the RoC.

2. Permanent account number.

Approvals obtained by Harsha Engineers Europe SRL

1. Decision SB113/2010 issued by the Brasov Environmental Protection Agency, for integrated environmental authorisation.

2. Decision 141/8.12.2014 issued by the River Olt Water Basin Administration, for water management authorisation.

3. Decision 143/14.04.2010 (which is up for review) issued by the Inspectorate for Emergency Situations "Tara Barsei", for fire prevention authorisation. The authority provided a checklist to be fulfilled by the Company on 20.10.2016, and out of those, according to the administrator of the Company, only the fire resistant walls need to be put in. The operation is currently under way. The authority did not provide any term for the completion of the checklist.

4. Residence permits for foreign workers, obtained with the purpose of employment numbers RO0470440/16.10.2017, RO0477006 / 11.01.2018, RO0481665 / 11.01.2018.

Approvals obtained by Harsha Engineers BV

1. Deed of Incorporation executed by a deputy of Mr. M.M. van der Bie, civil law notary in Amsterdam on December 23, 2015.

2. Registration in the Trade Register of the Chamber of Commerce.

Approvals obtained by Harsha Precision Bearing Components (China) Co. Ltd.

1. Certificate of incorporation pursuant to the Company Law of the People's Republic of China.

2. Certificate of Approval dated March 31, 2008 for Establishment, of Enterprises with Foreign Investment in the People's Republic of China.

3. Certificate of registration from Administration for Market Regulation of Changshu.

4. Business license dated April 28, 2008 for establishing Harsha Precision Bearing Components (China) Co. Ltd. as an enterprise running a business issued by Administration for Market Regulation of Changshu.

5. Business license dated July 30, 2017 for establishing Harsha Precision Bearing Components (China) Co. Ltd. as an enterprise running a business issued by Administration for Market Regulation of Changshu.

6. Custom registration dated August 7, 2017 from the Changshu Custom house, People's Republic of China for importing and exporting goods.

7. Entry-exit inspection and quarantine registration dated August 20, 2017 from the China Entry-exit Inspection and Quarantine Bureau for importing and exporting goods.

8. Environment Impact Assessment Certificate from Changshu Environmental Protection Bureau for meeting the environmental regulatory requirements, till December 7, 2022.

Approvals obtained by Harsha Engineers Components (Changshu) Co. Ltd.

1. Certificate of incorporation pursuant to the Company Law of the People's Republic of China.

2. Certificate of Approval dated March 13, 2010 for Establishment of Enterprises with Foreign Investment in the People's Republic of China.

3. Certificate of registration from Administration for Market Regulation of Changshu.

4. Business license dated April 7, 2010 for establishing Harsha Engineers Components (Changshu) Co. Ltd. as an enterprise running a business issued by Administration for Market Regulation of Changshu.

5. Business license dated March 28, 2017 for establishing Harsha Engineers Components (Changshu) Co. Ltd. as an enterprise running a business issued by Administration for Market Regulation of Changshu.

6. Custom registration dated May 10, 2010 from the Changshu Custom house, People's Republic of China for importing and exporting goods.

7. Entry-exit inspection and quarantine registration dated June 13, 2010 from the China Entry-exit Inspection and Quarantine Bureau for importing and exporting goods.

8. Environmental Impact Assessment dated March 3, 2010 from Changshu Environmental Protection Bureau for meeting the environmental regulatory requirements read with the environmental self-inspection dated

October 19, 2016 by Changshu Economic Development Zone for meeting the daily environmental supervision and Environmental Test Report dated November 10, 2017 issued by Kangda Testing Technology (Jiangsu) Co., Ltd for meeting the daily environmental supervision.

Approvals or renewals applied for but not received by our Company

1. Gram panchayat approval dated August 9, 2018 for permission to carry out industrial construction on our Changodar facility for the land bearing Block No. 336/P/1/P/1, 336/P/4, 337/P/4P, 339/P, 340/2, 343, 344/P2, 341, 345/P2, 388/P3, 388/P4, 388/P42 at Changodar, Ta. Sanand, Dist. Ahmedabad.

2. Gram panchayat approval dated August 9, 2018 for permission to carry out industrial construction on our Moraiya facility for the land bearing Block Nos. 427/P/3/P, 427/P/4/P, 431/P/1/P, 431/P/2/P at Moraiya, Ta. Sanand, Dist. Ahmedabad.

3. Application dated July 27, 2018 before the office of the town planner, Ahmedabad for technical scrutiny of the lay out plan for availing the industrial, non-agriculture purpose opinion for our facility located at Moraiya, Ta. Sanand, Dist.: Ahmedabad R. S. No. 427/p/3p, 427/p/4/p, 431/p/1/p, 431/p/21p, admeasuring 50,162.00 sq. meters.

4. Application dated July 27, 2018 before the office of the town planner, Ahmedabad for technical scrutiny of the lay out plan for availing the industrial, non-agriculture purpose opinion for our facility located at Changodar, Ta. Sanand, Dist.: Ahmedabad R. S. No. 343/P, 336/P/1/P, 336/P/4, 337/P/4P, 339/P/1/P, 340/P/2, 344/P2, 341, 345/P/2, 388/P/3, 388/P/4, 388/P/42, admeasuring 36,670.00 sq. meters.

5. Application dated August 8, 2018 for inspection of installed fire safety systems and issuance of fire no objection certificates for our Changodar facility.

6. Application dated August 8, 2018 for inspection of installed fire safety systems and issuance of fire no objection certificates for our Moraiya facility.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

The Offer comprises of the Fresh Issue and the Offer for Sale. The Offer has been authorised by our Board pursuant to its resolution on June 25, 2018 and the Fresh Issue has been authorised by our Shareholders pursuant to their special resolution June 27, 2018. The Offer for Sale has been authorised by the Selling Shareholders pursuant the Selling Shareholders by way of their consents dated August 20, 2018. Additionally, the Selling Shareholders have confirmed that the Offered Shares are eligible for being offered in the Offer for Sale in terms of Regulation 26(6) of the SEBI Regulations.

The Selling Shareholders specifically confirm that the Offered Shares have been held for a period of at least one year prior to the date of filing of this Draft Red Herring Prospectus with SEBI, calculated in the manner as set out under Regulation 26(6) of the SEBI Regulations and accordingly, are eligible for being offered for sale in this Offer. Details of the authorisation by the Selling Shareholders in relation to the Offered Shares, are set forth:

Sr. No.	Selling Shareholders	Date of authorisation
1.	Rajendra Shantilal Shah	August 20, 2018
2.	Nirmala Rajendra Shah	August 20, 2018
3.	Harish Ranjit Rangwala	August 20, 2018
4.	Charusheela Harish Rangwala	August 20, 2018

Our Company has received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.

Prohibition by SEBI or other Governmental Authorities

Our Company, our Promoters (including any persons in control of our Company), our Directors, the members of our Promoter Group, our Group Companies and the Selling Shareholders, have not been debarred from accessing capital markets under any order or direction passed by SEBI or any other regulatory or governmental authorities.

None of the companies with which our Promoters, Directors or persons in control of our Company are or were associated as promoter, directors or persons in control have been debarred from accessing capital markets under any order or direction passed by SEBI or any other regulatory or governmental authorities.

None of our Directors are associated with the securities market in any manner.

There has been no action taken by SEBI against our Directors or any entity in which our Directors are involved as promoters or directors.

The listing of any securities of our Company and our Subsidiaries has never been refused at any time by any of the stock exchanges in India or abroad.

Declaration as Wilful Defaulter

Neither our Company, nor our Promoters, the relatives of our Promoters (as defined under the Companies Act), Directors, Group Companies, nor the Selling Shareholders have been identified as wilful defaulters in terms of the SEBI Regulations.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with Regulation 26(1) of the SEBI Regulations as set out under the eligibility criteria calculated in accordance with the Restated Financial Statements:

- Our Company has net tangible assets of at least ₹ 30 million in each of the preceding three full years (of 12 months each), of which not more than 50% of the net tangible assets are held as monetary assets;
- Our Company has a minimum average pre-tax operating profit of ₹150 million calculated on a restated and standalone and consolidated basis, during the three most profitable years out of the immediately preceding five years;
- Our Company has a net worth of at least ₹ 10 million in each of the three preceding full years (of 12 months each);
- The aggregate size of the proposed Offer and all previous issues made in the same Fiscal is not expected to exceed five times the pre-Offer net worth as per the audited balance sheet of our Company for the Fiscal 2018.
- Our Company has not changed its name in the last one year.

Our Company's pre-tax operating profit, net worth, net tangible assets, monetary assets, and monetary assets as a percentage of the net tangible assets derived from the Restated Standalone Financial Statements included in this Draft Red Herring Prospectus as at, and for the last five years ended March 31, 2018, 2017, 2016, 2015 and 2014 are set forth below:

(*₹ in million, unless otherwise stated*)

Particulars	**Fiscal**				
	2018	**2017**	**2016**	**2015**	**2014**
Pre-tax operating profit (1)	674.54	482.13	311.33	389.07	344.19
Net worth(2)	3,097.42	2,491.64	2,164.76	1,937.17	1,818.38
Net tangible asset (3)	3,093.73	2,489.32	2,160.08	1,930.84	1,803.64
Monetary asset (4)	139.10	323.26	164.36	167.09	146.26
Monetary asset as a percentage of the net assets	4.49%	12.97%	7.59%	8.63%	8.04%

(1) *Pre-tax operating profits' is defined as profit before finance costs, other income and tax.*

(2) *Net worth is sum of subscribed and paid up equity and reserves and surplus (excluding revaluation reserve) of our Company as per Restated Standalone Financial Information and in accordance with Regulation 2(1) (v) of the SEBI Regulations.*

(3) *Net tangible assets is the sum of all net assets of the issuer, excluding deferred tax assets / liabilities and intangible assets as defined in Accounting Standard 26 (AS 26) and Indian Accounting Standard 38 (Ind AS 38) issued by ICAI, in accordance with Explanation (I) of Regulation 26 of SEBI Regulations.*

(4) *Monetary assets represent the sum of cash and bank balance in current and deposits accounts (including non-current portion of deposits with banks).*

Our Company's pre-tax operating profit, net worth, net tangible assets, monetary assets, monetary assets as a percentage of the net tangible assets derived from the Restated Consolidated Financial Statements included in this Draft Red Herring Prospectus as at, and for the last five years ended March 31, 2018, 2017, 2016, 2015 and 2014 are set forth below:

(*₹ in million, unless otherwise stated*)

Particulars	**Fiscal**				
	2018	**2017**	**2016**	**2015**	**2014**
Pre-tax operating profit (1)	722.17	273.90	297.45	340.71	315.49
Net worth(2)	2,522.98	1,931.52	2,000.99	1,973.32	1,545.69
Net tangible asset (3)	2,509.81	1,916.96	1,976.31	1,946.35	1,501.79
Monetary asset (4)	205.29	376.99	469.17	233.02	205.85
Monetary asset as a percentage of the net assets	8.14%	19.52%	23.20%	11.81%	13.32%

(1) *Pre-tax operating profits' is defined as profit before finance costs, other income and tax.*

(2) *Net worth is sum of subscribed and paid up equity and reserves and surplus (excluding revaluation reserve) of our Company as per Restated Consolidated Financial Information in accordance with Regulation 2(1) (v) of the SEBI Regulations.*

(3) *Net tangible assets is the sum of all net assets of the issuer, excluding deferred tax assets / liabilities and intangible assets as defined in Accounting Standard 26 (AS 26) and Indian Accounting Standard 38 (Ind AS 38) issued by ICAI, in accordance with Explanation (I) of Regulation 26 of SEBI Regulations.*

(4) *Monetary assets represent the sum of cash and bank balance in current and deposits accounts (including non-current portion of deposits with banks).*

Further, in accordance with Regulation 26(4) of the SEBI Regulations, our Company shall ensure that the number of Allottees shall not be less than 1,000, failing which, the entire application monies shall be refunded forthwith. In case of delay, if any, in refund, our Company shall pay interest on the application monies at the rate of 15% per annum for the period of delay.

Our Company is in compliance with the conditions specified in Regulation 4(2) and 4(5)(a) of the SEBI Regulations, to the extent applicable.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THIS DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, AXIS CAPITAL LIMITED AND EDELWEISS FINANCIAL SERVICES LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 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 ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS AND THE SELLING SHAREHOLDERS WILL BE RESPONSIBLE ONLY FOR THE STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY IT IN THIS DRAFT RED HERRING PROSPECTUS IN RELATION TO ITSELF FOR THE OFFERED SHARES, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT OUR COMPANY AND THE SELLING SHAREHOLDERS DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED AUGUST 20, 2018 WHICH READS AS FOLLOWS:

WE, AXIS CAPITAL LIMITED AND EDELWEISS FINANCIAL SERVICES LIMITED, AS THE BOOK RUNNING LEAD MANAGERS TO THE OFFER, STATE AND CONFIRM AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS DATED AUGUST 20, 2018, (THE "DRAFT RED HERRING PROSPECTUS" OR THE "DRHP") 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 OFFER, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY AND THE SELLING SHAREHODERS, WE CONFIRM THAT:**

   (A) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA ("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 SECURITIES AND EXCHANGE BOARD OF INDIA, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

   (C) THE DISCLOSURES MADE IN THE DRHP ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED OFFER AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, AS AMENDED, TO THE EXTENT NOT 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, AS AMENDED (THE "SEBI REGULATIONS") AND OTHER APPLICABLE LEGAL REQUIREMENTS.

3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRHP ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID – <u>COMPLIED WITH AND NOTED FOR COMPLIANCE.</u>**

4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – <u>NOTED FOR COMPLIANCE.</u>**

5. **WE CERTIFY THAT WRITTEN CONSENTS FROM THE PROMOTERS HAVE BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF PROMOTERS' 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 THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRHP WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THIS DRAFT RED HERRING PROSPECTUS - <u>COMPLIED WITH AND NOTED FOR COMPLIANCE.</u>**

6. **WE CERTIFY THAT REGULATION 33 OF THE SEBI REGULATIONS, WHICH RELATES TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRHP - <u>COMPLIED WITH AND NOTED FOR COMPLIANCE.</u>**

7. **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SEBI REGULATIONS 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 PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO OUR COMPANY ALONG WITH THE PROCEEDS OF THE OFFER – NOT APPLICABLE.**

8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT OFFER FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION - COMPLIED WITH.**

9. **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONIES 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 TO BE ENTERED INTO BETWEEN THE BANKERS TO THE OFFER, THE COMPANY AND THE SELLING SHAREHOLDERS SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE. ALL MONIES RECEIVED OUT OF THE OFFER SHALL BE CREDITED/TRANSFERRED TO A SEPARATE BANK ACCOUNT AS REFERRED TO IN SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013.**

10. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRHP THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE – NOT APPLICABLE. UNDER SECTION 29 OF THE COMPANIES ACT, 2013, EQUITY SHARES IN THE OFFER WILL HAVE TO BE ISSUED IN DEMATERIALISED FORM ONLY.**

11. **WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SEBI REGULATIONS 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 - COMPLIED WITH.**

12. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRHP:**

    (A) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY - COMPLIED WITH; AND

    (B) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SEBI FROM TIME TO TIME - COMPLIED WITH.

13. **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENTS IN TERMS OF THE SEBI REGULATIONS 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. - COMPLIED WITH.**

15. **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI REGULATIONS, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRHP WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY - COMPLIED WITH.**

16. **WE ENCLOSE A STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THE OFFER)', AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR - COMPLIED WITH.**

17. **WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS. – COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS OF THE COMPANY, REPORTED AS PER INDIAN GAAP ACCOUNTING STANDARD 18 OR INDIAN ACCOUNTING STANDARD 24, AS APPLICABLE, IN THE FINANCIAL STATEMENTS OF THE COMPANY INCLUDED IN THE DRHP, AND AS CERTIFIED BY M/S. PANKAJ R. SHAH & ASSOCIATES, CHARTERED ACCOUNTANTS (ICAI FIRM REGISTRATION NUMBER: 107361W) BY WAY OF A CERTIFICATE DATED AUGUST 20, 2018; AND**

18. **WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THE SEBI REGULATIONS - NOT APPLICABLE.**

The filing of this Draft Red Herring Prospectus does not, however, absolve the Company any person who has authorised the issue of this Draft Red Herring Prospectus from any liabilities under Section 34 or Section 36 of the Companies Act, 2013 or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the Offer. SEBI further reserves the right to take up, at any point of time, with the Book Running Lead Managers, any irregularities or lapses in this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus.

The filing of this Draft Red Herring Prospectus does not absolve the Selling Shareholders from any liability to the extend the statements made by them in respect of themselves and the Equity Shares being offered by them, respectively under the Offer for Sale, under Section 32 and Section 36 of the Companies Act, 2013.

All legal requirements pertaining to the Offer will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Offer will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 26, 30 and 32 of the Companies Act, 2013.

Caution - Disclaimer from our Company, our Directors, the Selling Shareholders, and the Book Running Lead Managers

Our Company, the Directors, the Selling Shareholders, and the Book Running Lead Managers accept no responsibility for statements made otherwise than those confirmed in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website www.harshaengineers.com, or website of the Subsidiaries, members of the Promoter Group, Group Companies or any affiliates, would be doing so at his or her own risk. The Selling Shareholders, its respective directors, affiliates, associates and officers accept/undertake no responsibility for any statements other than those specifically undertaken or confirmed by the Selling Shareholders in relation to itself and the Offered Shares.

The Book Running Lead Managers accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement to be entered into between the Underwriters, the Selling Shareholders and our Company.

All information shall be made available by our Company, the Selling Shareholders (to the extent of itself and the Offered Shares), and the Book Running Lead Managers to the public and investors 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 Centers or elsewhere.

None among our Company, the Selling Shareholders or any member of the Syndicate shall be liable for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, 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 any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholders, Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The Book Running Lead Managers and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, the Selling Shareholders and their respective group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with or become customers to our Company, the Selling Shareholders and their respective group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation. As used herein, the term 'affiliate' means any person or entity that controls or is controlled by or is under common control with another person or entity.

Price information of past issues handled by the Book Running Lead Managers

A. Axis

Price information of past issues handled by Axis:

Table 1: Price information of past issues handled

Sr. No.	Issue name	Issue size (₹ million)	Issue price(₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	HDFC Asset Management Company Limited	28,003.31	1,100	August 6, 2018	1,726.25	-	-	-
2.	Sandhar Technologies Limited	5,124.80	332.00	April 2, 2018	346.10	+19.59%, [+4.96%]	15.41% [+4.36%]	-
3.	Hindustan Aeronautics Limited	41,131.33	1,215.00[!]	March 28, 2018	1,152.00	-6.96%, [4.98%]	-25.84%, [+6.41%]	-
4.	Bandhan Bank Limited	44,730.19	375.00	March 27, 2018	499.00	+31.81%, [3.79%]	+42.53%, [+5.68%]	-
5.	Aster DM Healthcare Limited	9801.00	190.00	February 26, 2018	183.00	-13.66%, [-3.77%]	-5.39%, [+1.00%]	-
6.	Khadim India Limited	5,430.57	750.00	November 14, 2017	730.00	-10.40%,[+0.06%]	-6.47%, [+3.47%]	+10.21%, [+6.09%]
7.	The New India Assurance Company Limited	18,933.96	800[$]	November 13, 2017	750.00	-27.91%,[+0.15%]	-7.81%, [+3.08%]	-13.06%, [+5.69%]
8.	Mahindra Logistics Limited	8,288.84	429[^]	November 10, 2017	429.00	+2.49%,[0.00%]	+9.48%,[+1.50%]	+21.00%, [+3.84%]
9.	Reliance Nippon Life Asset Management Limited	15,422.40	252	November 6, 2017	295.90	+3.61%[-3.19%]	+8.12%,[+2.05%]	-4.21, [+1.59%]
10.	General Insurance Corporation of India	111,758.43	912[@]	October 25, 2017	850.00	-12.92%,[+0.52%]	-13.95%,[+6.52%]	-22.02%, [2.81%]

Source: www.nseindia.com

[*] *Offer Price was ₹ 632.00 per equity share to Eligible Employees*

[@] *Offer Price was ₹ 855.00 per equity share to Retail Individual Bidders and Eligible Employees*

[^] *Offer Price was ₹ 387.00 per equity share to Eligible Employees*

$Offer Price was ₹ 770.00 per equity share to Retail Individual Bidders and Eligible Employees

! Offer Price was ₹1,190.00 per equity share to Retail Individual Bidders and Eligible Employees

Notes:

a. Issue Size derived from Prospectus/final post issue reports, as available.

b. The CNX NIFTY is considered as the Benchmark Index.

c. Price on NSE is considered for all of the above calculations.

d. In case 30th/90th/180th day is not a trading day, closing price on NSE of the next trading day has been considered.

e. Since 30 calendar days, 90 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

Table 2: Summary statement of disclosure

Financial Year	Total no. of IPOs	Total funds raised (₹ in Million)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2018-2019*	2	33,128.11	-	-	-	-	-	1	-	-	-	-	-	-
2017-2018	18	415,433.38	-	1	9	1	3	5	-	2	5	3	2	1
2016-2017	10	111,377.80	-	-	1	4	2	3	-	-	-	7	1	2

** The information is as on the date of this Draft Red Herring Prospectus.*

The information for each of the financial years is based on issues listed during such financial year.

Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

B. Edelweiss

1. Price information of past issues (during current Fiscal and two Fiscals preceding the current Fiscal) handled by Edelweiss:

S. No.	Issue Name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening Price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Fine Organic Industries Limited	6,001.69	783.00	July 2, 2018	815.00	5.72% [6.56%]	Not Applicable	Not Applicable
2	ICICI Securities Limited	34,801.16	520.00	April 4, 2018	435.00	-27.93% [5.44%]	-37.26% [5.22%]	Not Applicable
3	Galaxy Surfactants Limited	9,370.88	1480.00	February 8, 2018	1,525.00	1.14% [-3.31%]	-0.85% [1.33%]	-14.68 [7.66%]

S. No.	Issue Name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening Price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
4	Amber Enterprises India Limited	6,000.00	859.00^^^	January 30, 2018	1,175.00	27.15% [-5.04%]	32.56% [-2.81%]	10.68% [2.44%]
5	Future Supply Chain Solutions Limited	6,496.95	664.00	December 18, 2017	664.00	3.50% [3.00%]	6.27% [-2.83%]	-5.20% [4.13%]
6	Shalby Limited	5,048.00	248.00	December 15, 2017	239.70	-3.57% [3.95%]	-11.51% [0.75%]	-28.51 [4.93%]
7	HDFC Standard Life Insurance Company Limited	86,950.07	290.00	November 17, 2017	310.00	30.16% [1.02%]	48.93% [2.11%]	74.66% [5.04%]
8	Reliance Nippon Life Asset Management Limited	15,422.40	252.00	November 6, 2017	295.90	3.61% [-3.19%]	8.12% [2.05%]	-4.21% [1.59%]
9	Prataap Snacks Limited	4,815.98	938.00^^	October 5, 2017	1,270.00	25.12% [5.70%]	31.82% [5.60%]	40.99% [3.27%]
10	ICICI Lombard General Insurance Company Limited	57,009.39	661.00	September 27, 2017	651.10	3.62% [6.25%]	18.97% [8.17%]	15.36% [4.06%]

Source: www.nseindia.com

^^^ *Amber Enterprises India Limited - Employee Discount of ₹ 85 per Equity Share to the Offer Price was offered to the Eligible Employees Bidding in the Employee Reservation Portion. All calculations are based on the Offer Price of ₹ 859 per equity share*

^^*Prataap Snacks Limited - Employee Discount of ₹ 90 per Equity Share to the Issue Price was offered to the Eligible Employees Bidding in the Employee Reservation Portion. All calculations are based on the issue price of ₹ 938 per equity share*

Notes

1. *Based on date of listing.*

2. *% of change in closing price on 30th / 90th / 180th calendar day from listing day is calculated vs Issue price. % change in closing benchmark index is calculated based on closing index on listing day vs closing index on 30th/ 90th / 180th calendar day from listing day.*

3. *Wherever 30th/ 90th / 180th calendar day from listing day is a holiday, the closing data of the next trading day has been considered.*

4. *The Nifty 50 index is considered as the Benchmark Index.*

5. *Not Applicable. – Period not completed.*

6. *Disclosure in Table-1 restricted to 10 issues.*

2. **Summary statement of price information of past issues (during current Fiscal and two Fiscals preceding the current Fiscal) handled by Edelweiss:**

Fiscal Year	Total no. of IPOs	Total amount of funds raised (₹ Million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2018-19*	2	40,802.85	-	1	-	-	-	1	-	-	-	-	-	-
2017-18	11	218,549.76	-	-	1	1	5	4	-	1	3	3	1	3
2016 - 17	6	123,361.22	-	-	1	1	3	1	-	-	-	3	2	1

* *The information is as on the date of the document*

1. *Based on date of listing.*

2. *Wherever 30th and 180th calendar day from listing day is a holiday, the closing data of the next trading day has been considered.*

3. *The Nifty 50 index is considered as the Benchmark Index.*

For the financial year 2018-19 – 2 issues have been completed.1 issue has completed 30 days. 1 issue has completed 90 days.

Track record of past issues handled by the Book Running Lead Managers

For details regarding the track record of the Book Running Lead Managers, as specified in circular (reference CIR/MIRSD/1/2012) dated January 10, 2012 issued by SEBI, see the websites of the Book Running Lead Managers, as set forth in the table below:

Sr. No.	Name of the Book Running Lead Manager	Website
1.	Axis	www.axiscapital.co.in
2.	Edelweiss	www.edelweissfin.com

Disclaimer in respect of Jurisdiction

This Offer is being made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and insurance funds, and permitted provident funds and pension funds) and to, Eligible NRIs, FPIs and other eligible foreign investors (viz. bilateral and multilateral development financial institution). This Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to shares offered hereby in any jurisdiction other than India 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 the Offer will be subject to the jurisdiction of appropriate court(s) in Ahmedabad only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented thereby 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 sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company or the Selling Shareholders since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and applicable laws of the jurisdictions where such offers and sales are made.

Disclaimer Clause of BSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Disclaimer Clause of NSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Filing

A copy of this Draft Red Herring Prospectus has been filed with SEBI at its Western Regional Office, the Regional Director, Unit No: 002, Ground Floor, SAKAR I, Near Gandhigram Railway Station Opp. Nehru Bridge Ashram Road, Ahmedabad 380 009 and electronically on the platform provided by SEBI.

A signed copy of the Red Herring Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 26 of the Companies Act, 2013 would be delivered for registration with the RoC, at ROC Bhavan, Opp. Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad 380 013.

Listing

Applications have been made to the Stock Exchanges for permission to deal in and for an official quotation of the Equity Shares. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in, and for an official quotation of, the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus and the Selling Shareholders will be liable to reimburse our Company for such repayment of monies, on its behalf, with respect to the Offered Shares. If such money is not repaid within the prescribed time, then our Company, the Selling Shareholders and every officer in default shall be liable to repay the money, with interest, as prescribed under applicable law. Any expense incurred by our Company on behalf of the Selling Shareholders with regard to interest on such refunds will be reimbursed by the Selling Shareholders in proportion to the Offered Shares. For the avoidance of doubt, subject to applicable law, the Selling Shareholders shall not be responsible to pay interest for any delay, except to the extent that such delay has been caused by any act or omission solely attributable to the Selling Shareholders and to the extent of the Offered Shares.

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 six Working Days from the Bid/ Offer Closing Date. Further, the Selling Shareholders confirms that it shall provide assistance to our Company, and the Book Running Lead Managers, as may be reasonably required and necessary, for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date, to the extent of the Offered Shares.

If our Company does not Allot Equity Shares pursuant to the Offer within six Working Days from the Bid/Offer Closing Date or within such timeline as prescribed by SEBI, it shall repay, without interest, all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delayed period.

Except for listing fees which shall be solely borne by our Company, all Offer expenses will be shared, upon successful completion of the Offer, between our Company and the Selling Shareholders on a pro-rata basis, in proportion to the Equity Shares issued and allotted by our Company in the Fresh Issue and the Equity Shares transferred by the Selling Shareholders in the Offer for Sale. However, in the event that the Offer is withdrawn by our Company or not completed for any reason whatsoever, all the Offer related expenses will be solely borne by our Company. Any payments by our Company in relation to the Offer expenses on behalf of the Selling Shareholders shall be reimbursed by the Selling Shareholders to our Company inclusive of taxes.

Consents

Consents in writing of the Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, our Chief Financial Officer, legal advisors, the Book Running Lead Managers, the bankers to our Company, the Syndicate Members, the Escrow Collection Banks, Refund Banks and the Registrar to the Offer to act in their respective capacities, have been obtained/will be obtained prior to filing of the Red Herring Prospectus with the RoC and filed along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act, 2013 and the SEBI Regulations, our Statutory Auditors, M/s. Pankaj R. Shah & Associates, have given their written consent to the inclusion of the reports of the Statutory Auditors on the Restated Consolidated Financial Statements and Restated Standalone Financial Statements, dated August 20, 2018 and the statement of possible special tax benefits dated August 10, 2018 included in this Draft Red Herring Prospectus and such consents have not been withdrawn as on the date of this Draft Red Herring Prospectus.

Experts to the Offer

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

Our Company has received written consent from the Statutory Auditor to include its name in this Draft Red Herring Prospectus and as an "expert" as defined under section 2(38) of the Companies Act in respect of the reports of the Statutory Auditor on the Restated Standalone Financial Statements and Restated Consolidated Financial Statements, each dated August 10, 2018 and the statement of special tax benefits dated August 10, 2018 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.

Offer Expenses

The total expenses of this Offer are estimated to be ₹ [●] million. The expenses of this Offer include, among others, underwriting and management fees, selling commissions, printing and distribution expenses, legal fees, statutory advertisement expenses, registrar and depository fees and listing fees. For further details of Offer expenses, see "*Objects of the Offer – Offer Expenses*" beginning on page 87.

Except for listing fees which shall be solely borne by our Company, all Offer expenses will be shared, upon successful completion of the Offer, between our Company and the Selling Shareholders, in proportion to the Equity Shares issued and allotted by our Company in the Fresh Issue and the Equity Shares transferred by the Selling Shareholders in the Offer for Sale. However, in the event that the Offer is withdrawn by our Company or not completed for any reason whatsoever, all the Offer related expenses will be solely borne by our Company. Any payments by our Company in relation to the Offer expenses on behalf of the Selling Shareholders shall be reimbursed by the Selling Shareholders to our Company inclusive of taxes.

Fees Payable to the Syndicate

The total fees payable to the Syndicate (including underwriting commission and selling commission and reimbursement of their out-of-pocket expense) will be as per the fee/engagement letter dated [●]. For details of Offer expenses, see "*Objects of the Offer – Offer Expenses*" beginning on page 87.

Commission payable to SCSBs, Registered Brokers, RTAs and CDPs

For details of the commission payable to SCSBs, Registered Brokers, RTAs and CDPs, see "*Objects of the Offer – Offer Expenses*" beginning on page 87.

Fees Payable to the Registrar to the Offer

The fees payable by our Company to the Registrar to the Offer for processing of application, data entry, printing of Allotment Advice/CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Registrar Agreement, a copy of which will be available for inspection at the 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.

The Selling Shareholders will reimburse our Company proportionately the expenses incurred on behalf of the Selling Shareholders in this regard, upon the successful completion of the Offer.

Particulars regarding public or rights issues or any capital issue by our Company during the last five years

Except as disclosed in "*Capital Structure – Notes to the capital structure – Equity Share capital history our Company*" beginning on page 62, our Company has not made any rights issues or any capital issue during the five years immediately preceding the date of this Draft Red Herring Prospectus.

Further, our Company has not made any public issues during the five years immediately preceding the date of this Draft Red Herring Prospectus.

Previous issues of Equity Shares otherwise than for cash

Except as disclosed in "*Capital Structure - Issue of Equity Shares for consideration other than cash or out of revaluation reserves*" beginning on page 64, our Company has not issued any Equity Shares for consideration otherwise than for cash.

Commission and Brokerage paid on previous issues

Since this is the initial public offer of Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's inception.

Capital issue during the preceding three years by listed Group Companies and Subsidiaries of our Company

As on the date of this Draft Red Herring Prospectus, none of our Group Companies and Subsidiaries have their equity shares listed on any stock exchanges in India or overseas.

Performance vis-à-vis objects – Public/rights issue of our Company and/ or listed Group Companies and/ or Subsidiaries of our Company

Our Company has not made any rights issues. Further, our Company has not undertaken any previous public issue.

None of our Group Companies or our Subsidiaries have undertaken any public or rights issue of their equity shares in the last ten years preceding the date of this Draft Red Herring Prospectus.

Outstanding debentures, bonds or redeemable preference shares

There are no outstanding debentures, bonds or redeemable preference shares issued by our Company as of the date of filing this Draft Red Herring Prospectus.

Outstanding Preference Shares or other convertible instruments issued by our Company

Our Company does not have any outstanding preference shares or other instruments convertible or exchangeable into Equity Shares as on date of this Draft Red Herring Prospectus.

Partly Paid-up Shares

Our Company does not have any partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus.

Stock Market Data of Equity Shares

This being an initial public offer of our Company, the Equity Shares are not listed on any stock exchange.

Redressal of Investor Grievances

The Registrar Agreement provides for retention of records with the Registrar to the Offer for a period of at least three years from the last date of despatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or First Bidder, Bid cum Application Form number, Bidder's DP ID, Client ID, PAN, date of submission of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder and ASBA Account number.

Further, the Bidders shall also enclose a copy of the Acknowledgment Slip duly received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

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

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the relevant Designated Intermediary for the redressal of routine investor grievances shall be 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.

The Board of Directors has constituted a Stakeholders Relationship Committee for redressal of investor grievances. For details, see "*Our Management – Committees of the Board – Stakeholders' Relationship Committee*" on page 149.

As on the date of this Draft Red Herring Prospectus, there are no pending investor complaints. Our Company has not received any investor complaint in the three years prior to the filing of this Draft Red Herring Prospectus.

Our Company has also appointed Kiran Mohanty, Chief Compliance Officer and Company Secretary of our Company as the Compliance Officer for the Offer and he may be contacted in case of any pre-Offer or post-Offer related problems. For details, see "*General Information – Company Secretary and Compliance Officer*" on page 56.

The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders. Our Company, the Book Running Lead Managers and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under the SEBI Regulations.

Changes in Auditors

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

Name	Date of change	Reason for change
M/s. Pankaj R. Shah & Associates	June 27, 2018	Appointment for five consecutive Fiscals
M/s. Pankaj R. Shah & Associates	April 24, 2018	Appointment for Fiscal 2018
M/s. Y.J. Malkani & Co.	February 7, 2018	Resignation
M/s. Y.J. Malkani & Co.	July 24, 2017	Appointment
M/s. C.P. Shah & Co.	July 24, 2017	Completion of term
M/s. C.P. Shah & Co.	August 26, 2016	Appointment

Capitalisation of Reserves or Profits

Our Company has not capitalised its reserves or profits at any time during the last five years.

Disposal of investor grievances by listed companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956

There are no listed companies under the same management within the meaning of section 370 (1B) of the Companies Act, 1956.

Revaluation of Assets

Except for the revaluation of our fixed assets on April 1, 1994 pursuant to which necessary adjustments were made in the financial statement of our Company as of Fiscal 1995, our Company has not re-valued its assets since its incorporation.

SECTION VII: OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being issued and transferred pursuant to the Offer shall be subject to the provisions of the Companies Act, the SEBI Regulations, the SCRA read with the SCRR, the Memorandum of Association and AoA, the terms of the Red Herring Prospectus, the Prospectus, the Abridged Prospectus, the Bid cum Application Form, the Revision Form, the CAN, the Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advice and other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to applicable laws, including guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government, the Stock Exchanges, the RBI, the RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by SEBI, the RBI, the Government, the Stock Exchanges, the RoC and/or any other authorities while granting their approval for the Offer.

Offer for Sale

The Offer also comprises an Offer for Sale by the Selling Shareholders. Except for listing fees which shall be solely borne by our Company, all Offer expenses will be shared, upon successful completion of the Offer, between our Company and the Selling Shareholders on a pro-rata basis, in proportion to the Equity Shares issued and allotted by our Company in the Offer and the Equity Shares sold by the Selling Shareholders in the Offer for Sale. However, in the event that the Offer is withdrawn by our Company or not completed for any reason whatsoever, all the Offer related expenses will be solely borne by our Company. Any payments by our Company in relation to the Offer related expenses on behalf of the Selling Shareholders shall be reimbursed by the Selling Shareholders to our Company inclusive of taxes.

Ranking of the Equity Shares

The Equity Shares being issued and transferred pursuant to the Offer shall be subject to the provisions of the Companies Act, the SEBI Regulations, the SCRA read with the SCRR, the Memorandum of Association and AoA and shall rank *pari passu* in all respects with the existing Equity Shares including in respect of the right to receive dividend. The Allottees, upon Allotment of the Equity Shares under the Offer, will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment in accordance with the Companies Act and the Articles. For further details, see "*Main Provisions of the Articles of Association*" beginning on page 414.

Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of the Companies Act, the Memorandum of Association and the AoA and provisions of the Listing Regulations, as applicable. For further details in relation to dividends, see "*Dividend Policy*" and "*Main Provisions of the Articles of Association*" beginning on pages 165 and 414, respectively.

Face Value and Offer Price

The face value of each Equity Share is ₹ 10 and the Offer Price at the lower end of the Price Band is ₹ [●] per Equity Share and at the higher end of the Price Band is ₹ [●] per Equity Share. The Anchor Investor Offer Price is ₹ [●] per Equity Share.

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 Book Running Lead Managers and advertised in all editions of the English national daily newspaper [●], all editions of the Hindi national daily newspaper [●] and [●] edition of Gujarati daily newspaper [●] (Gujarati being the regional language of Gujarat, where the Registered Office is located), each with wide circulation, 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 the same 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 on the websites of the Stock Exchanges.

At any given point of time there shall be only one denomination of Equity Shares.

Compliance with Disclosure and Accounting Norms

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, our Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;

- Right to vote on a poll either in person or by proxy, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability, subject to applicable laws including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the Listing Regulations and the Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see "*Main Provisions of Articles of Association*" beginning on page 414.

Option to Receive Securities in Dematerialised Form and Market Lot and Trading Lot

Pursuant to Section 29 of the Companies Act, 2013, the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been signed amongst our Company, the respective Depositories and the Registrar to the Offer:

- Tripartite agreement dated May 14, 2018 amongst NSDL, our Company and the Registrar to the Offer; and
- Tripartite agreement dated May 8, 2018 amongst CDSL, our Company and the Registrar to the Offer.

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in the Offer will be only in electronic form in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares.

Joint Holders

Where two or more persons are registered as the holders of the Equity Shares, they shall be entitled to hold the same as joint tenants with benefits of survivorship.

Jurisdiction

Exclusive jurisdiction for the purpose of the Offer is with the competent courts/authorities in Ahmedabad.

Nomination facility to investors

In accordance with Section 72 of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014, the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the Registrar and Transfer Agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013, shall upon the production of such evidence as may be required by the Board, elect either:

a) to register himself or herself as the holder of the Equity Shares; or

b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, 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 dividends, bonuses or other moneys 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 dematerialised mode, there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the applicant would prevail. If the Bidders want to change the nomination, they are requested to inform their respective Depository Participant.

Withdrawal of the Offer

Our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers, reserve the right not to proceed with the Fresh Issue, and the Selling Shareholders reserves the right not to proceed with the Offer for Sale, in whole or in part thereof, to the extent of the Offered Shares, after the Bid/Offer Opening Date but before the Allotment. In the event that our Company and the Selling Shareholders in consultation with Book Running Lead Managers decide not to proceed with the Offer at all, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/Offer Closing Date, or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. The Registrar to the Offer shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification. Our Company shall also inform the same to 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 shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. If our Company and the Selling Shareholders withdraw the Offer after the Bid/Offer Closing Date and thereafter determines that it will proceed with an issue/offer for sale of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI.

Bid/Offer Programme

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

(1) *Our Company and Selling Shareholders may, in consultation with the Book Running Lead Managers, consider participation by Anchor Investors in accordance with the SEBI Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date.*

(2) *Our Company and the Selling Shareholders may, in consultation with the Book Running Lead Managers, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI Regulations.*

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Bid/Offer Closing Date	[●]
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about [●]
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	On or about [●]
Credit of Equity Shares to demat accounts of Allottees	On or about [●]
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about [●]

The above timetable, other than the Bid/Offer Closing Date, is indicative and does not constitute any obligation on our Company, the Selling Shareholders or the Book Running Lead Managers.

Whilst our Company and the Selling Shareholders shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date, the timetable may be extended due to various factors, such as extension of the Bid/Offer Period by our Company and the Selling Shareholders, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. In this regard, the Selling Shareholders shall provide reasonable co-operation in relation to the Offered Shares, as may be requested by our Company.

Submission of Bids (other than Bids from Anchor Investors):

Bid/Offer Period (except the Bid/Offer Closing Date)	
Submission and Revision in Bids	Only between 10.00 A.M. and 5.00 P.M. IST
Bid/Offer Closing Date	
Submission and Revision in Bids	Only between 10.00 A.M. and 3.00 P.M. IST

On the Bid/Offer Closing Date, the Bids shall be uploaded until:

(i) 4.00 P.M. IST in case of Bids by QIBs and Non-Institutional Bidders, and

(ii) until 5 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion.

On the Bid / Offer Closing Date, extension of time will be granted by Stock Exchanges only for uploading Bids received by Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion after taking into account the total number of Bids received and as reported by the Book Running Lead Managers to the Stock Exchanges.

It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs would be rejected.

Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date. Any time mentioned in this Draft Red Herring Prospectus is in IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/Offer Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Offer. Bids will be accepted only during Monday to Friday (excluding any public/bank holiday). None among our Company, the Selling Shareholders or any member of the Syndicate is liable for any failure in uploading the Bids, due to faults in any software/hardware system or otherwise.

Our Company and the Selling Shareholders in consultation with the Book Running Lead Managers, reserve the right to revise the Price Band during the Bid/Offer Period. The revision in the Price Band shall not exceed 20% on either side, i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

In case of any discrepancy in the data entered in the electronic book *vis-à-vis* the 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.

In case of revision in the Price Band, the Bid/Offer Period shall be extended by at least three additional Working Days after such revision, 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, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the terminals of the Syndicate Members.

Minimum Subscription

If our Company does not receive (i) the minimum subscription of 90% of the Fresh Issue; and (ii) a subscription in the Net Offer equivalent to at least 10% of the post- Offer Equity Share capital of our Company in terms of Rule 19(2)(b) of the SCRR, including devolvement of Underwriters, if any, in accordance with applicable laws, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI Regulations and other applicable laws. In case of under-subscription in the Offer, Equity Shares offered pursuant to the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale. The requirement for minimum subscription is not applicable to the Offer for Sale. In the event of under subscription in the Offer, subject to receiving minimum subscription for 90% of the Fresh Issue and compliance with Rule 19(2)(b) of the SCRR, the Company, the Selling Shareholders and the BRLMs shall first ensure Allotment of Equity Shares towards 90% of the Fresh Issue followed by Allotment of Equity Shares offered by the Selling Shareholders.

Further, our Company shall ensure that the number of Allottees to whom the Equity Shares shall not be less than 1,000.

Any expense incurred by our Company on behalf of the Selling Shareholders with regard to refunds, interest for delays, etc., for the Equity Shares being offered pursuant to the Offer will be reimbursed by the Selling Shareholders in relation to the Offered Shares to our Company in proportion to the Equity Shares being offered for sale by the Selling Shareholders in the Offer, to the extent that the delay is solely attributable to the Selling Shareholders.

Arrangement for Disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restrictions, if any, on Transfer and Transmission of Equity Shares

Except for lock-in of the pre-Offer capital of our Company, lock-in of the Promoters' minimum contribution and the Anchor Investor lock-in as provided in "*Capital Structure*" beginning on page 62 and except as provided under the Articles of Association, there are no restrictions on transfer of the Equity Shares. Further, there are no restrictions on transmission of any shares/debentures of our Company and on their consolidation or splitting, except as provided in the Articles of Association. For details, see "*Main Provisions of the Articles of Association*" beginning on page 414.

OFFER STRUCTURE

Public Offer of up to [●] Equity Shares for cash at price of ₹ [●] (including a premium of ₹ [●] per Equity Share) aggregating up to ₹ [●] million consisting of a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 3,700 million by our Company and an Offer for Sale of cumulatively up to 1,325,000 Equity Shares aggregating up to ₹ [●] million by the Selling Shareholders. The Offer includes a reservation of up to [●] Equity Shares for subscription by the Eligible Employees under the Employee Reservation Portion for cash at a price of ₹ [●] per Equity Share, aggregating up to ₹ [●] million. The Offer will constitute up to [●]% of the post-Offer paid-up Share capital of our Company and the Net Offer shall constitute [●]% of our post-Offer paid-up Share capital.

The face value of the Equity Shares is ₹ 10 each.

The Offer is being made through the Book Building Process.

Particulars	QIBs(1)	Non Institutional Bidders	Retail Individual Bidders	Employee Reservation Portion(5)
Number of Equity Shares available for Allotment/allocation*(2)	[●] Equity Shares	Not less than [●] Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and Retail Individual Bidders	Not less than [●] Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and Non Institutional Bidders	Up to [●] Equity Shares
Percentage of Offer Size available for Allotment/allocation	50% of the Net Offer shall be available for allocation to QIBs. However, up to 5% of the QIB Portion (excluding the Anchor Investor Portion) will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining balance QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be available for allocation to other QIBs.	Not less than 15% of the Net Offer or Net Offer less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation	Not less than 35% of the Net Offer or Net Offer less allocation to QIB Bidders, Non Institutional Bidders shall be available for allocation	[●]% of the Offer Size
Basis of Allotment/allocation if respective category is oversubscribed*	Proportionate as follows (excluding the Anchor Investor Portion): (a) up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and (b) [●] Equity Shares shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above Up to [●] Equity Shares may be allocated on a discretionary basis to Anchor Investors	Proportionate	Proportionate, subject to minimum Bid Lot. For details, see "*Offer Procedure – Part B – Allotment Procedure and Basis of Allotment – Allotment to RIBs*" on page 404	Allotment to Eligible Employees in the Employee Reservation Portion may exceed ₹ 200,000 only in the event of an under subscription in the Employee Reservation Portion and such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion for a value in excess of ₹ 200,000, subject to the total Allotment to each Eligible Employee not exceeding ₹ 500,000
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 in	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000	[●] Equity Shares	[●] Equity Shares

Particulars	QIBs(1)	Non Institutional Bidders	Retail Individual Bidders	Employee Reservation Portion(5)
	multiples of [●] Equity Shares	in multiples of [●] Equity Shares		
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Offer, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Offer, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹ 200,000	Such number of Equity Shares and in multiples of [●] Equity Shares, so that the Bid Amount does not exceed ₹ 500,000
Mode of Bidding	ASBA (except for Anchor Investors)	ASBA	ASBA	ASBA
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter			
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter			
Trading Lot	One Equity Share			
Mode of Allotment	Compulsorily in dematerialised form			
Who can apply(4)	Public financial institutions as specified in Section 2(72) of the Companies Act, 2013, scheduled commercial banks, mutual funds registered with SEBI, FPIs other than Category III Foreign Portfolio Investors, VCFs, AIFs, FVCIs registered with SEBI, multilateral and bilateral development financial institutions, state industrial development corporation, insurance company registered with IRDAI, provident fund (subject to applicable law) with minimum corpus of ₹ 250 million, pension fund with minimum corpus of ₹ 250 million, in accordance with applicable law, National Investment Fund set up by the Government, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important Non-Banking Financial Companies (as defined under Regulation 2(zla) of the SEBI Regulations)	Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions, societies and trusts, Category III Foreign Portfolio Investors	Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta)	Eligible Employees (excluding such other persons not eligible under applicable laws, rules, regulations and guidelines)
Terms of Payment	In case of Anchor Investors: Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids(3) In case of all other Bidders: Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder that is specified in the ASBA Form at the time of submission of the ASBA Form			

* *Assuming full subscription in the Offer*

(1) *Our Company and the Selling Shareholders may, in consultation with the Book Running Lead Managers allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. 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 other Anchor Investors. For details, see "Offer Procedure" beginning on page 375.*

(2) *Subject to valid Bids being received at or above the Offer Price. This Offer is made in accordance with the Rule 19(2)(b) of the SCRR and is being made through the Book Building Process, in compliance with Regulation 26(1) of SEBI Regulations.*

(3) *Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms. Any balance amount payable by the Anchor Investors, due to a difference between the Anchor Investor Offer Price and the Anchor Investor Allocation Price, shall be payable by the Anchor Investors within two Working Days of the Bid/Offer Closing Date. For details of terms of payment applicable to Anchor Investors, see* *"Section 7: Allotment Procedure and Basis of Allotment" beginning on page 404.*

(4) *In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders. Further, a Bidder Bidding in the Employee Reservation Portion (subject to the Payment Amount being up to ₹ 200,000) can also Bid under the Net Offer and such Bids will not be treated as multiple Bids. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all portions.*

(5) *Eligible Employees Bidding in the Employee Reservation portion can Bid up to a Bid Amount of ₹ 500,000. However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of up to ₹ 200,000. In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000. Further, an Eligible Employee Bidding in the Employee Reservation Portion (subject to the Payment Amount being up to ₹ 200,000) can also Bid in the Net Offer and such Bids will not be treated as multiple Bids subject to applicable limits. The unsubscribed portion if any, in the Employee Reservation Portion shall be added back to the Net Offer. In case of under-subscription in the Net Offer, spill-over to the extent of such under-subscription shall be permitted from the Employee Reservation Portion.*

Under subscription, if any, in any category (including Employee Reservation Portion) except in the QIB Portion, would be met with spill-over from the other categories at the discretion of our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers and the Designated Stock Exchange.

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**") and including SEBI circular bearing number CIR/CFD/POLICYCELL/11/ 2015 dated November 10, 2015, SEBI circular (CIR/CFD/DIL/1/2016) dated January 1, 2016 and SEBI circular bearing number SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016 included below under section "Part B – General Information Document", of this section which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI Regulations. The General Information Document has been updated to include reference to the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, and certain notified provisions of the Companies Act, 2013, and amendments to the SEBI Regulations, to the extent applicable to a public issue. The General Information Document is also available on the websites of the Stock Exchanges and the Book Running Lead Managers. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer.*

Our Company, the Selling Shareholders and the Book Running Lead Managers do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus.

PART A

Book Building Procedure

In accordance with Rule 19(2)(b) of the SCRR, the Net Offer will constitute at least 10% of the post-Offer paid-up Equity Share capital of our Company.

The Offer is being made through the Book Building Process in accordance with Regulation 26(1) of the SEBI Regulations, wherein 50% of the Net Offer shall be Allotted to QIBs on a proportionate basis, provided that our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from them at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Offered Shares shall be added to the Net QIB Portion. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI Regulations, subject to valid Bids being received at or above the Offer Price.

Under-subscription, if any, in any category (including Employee Reservation Category), except in QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories, at the discretion of our Company and the Selling Shareholders in consultation with the Book Running Lead Managers and Designated Stock Exchange. In the event of under-subscription in the Employee Reservation Portion (if any), the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000. The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation up to ₹ 500,000), shall be added to the Net Offer. The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms, which do not have the details of the Bidders' depository account, including DP ID, Client ID and PAN, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.

Bid cum Application Form

Copies of the ASBA Form and the abridged prospectus will be available with the Designated Intermediaries at the Bidding Centers and our Registered Office. An electronic copy of the ASBA Form will also be available for download on the websites of NSE (www.nseindia.com) and BSE (www.bseindia.com), at least one day prior to the Bid/Offer Opening Date.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process.

ASBA Bidders must provide bank account details and authorisation to block funds in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details will be rejected.

For Anchor Investor, the Anchor Investor Application Form will be available at the offices of the Book Running Lead Managers.

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the relevant Designated Intermediary, submitted at the Bidding Centers only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Non-Residents, their sub-accounts (other than sub-accounts which are foreign corporates or foreign individuals under the QIB Portion), FPIs or FVCIs registered multilateral and bilateral development financial institutions applying on a repatriation basis	Blue
Eligible Employees Bidding under the Employee Reservation Portion on a repatriation basis	Pink
Anchor Investors	White**

* *Excluding electronic Bid cum Application Form*

** *Anchor Investor Application Forms shall be made available at the offices of the Book Running Lead Managers.*

Designated Intermediaries (other than SCSBs) shall submit/deliver the ASBA Forms to the respective SCSB where the Bidder has a bank account (details of which were provided by the Bidder in their respective ASBA Form) and shall not submit it to any non-SCSB bank or any Escrow Collection Bank.

Participation by associates and affiliates of the Book Running Lead Managers and the Syndicate Members

The Book Running Lead Managers and the Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the Book Running Lead Managers and the Syndicate Members may Bid for Equity Shares in the Net Offer, either in the QIB Category or in the Non-Institutional Category as may be applicable to such Bidders, where the allocation is on a proportionate basis, and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the Book Running Lead Managers and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Neither the Book Running Lead Managers, nor any persons related to the Book Running Lead Managers (other than Mutual Funds sponsored by entities related to the Book Running Lead Managers), or the Promoters and Promoter Group can apply in the Offer under the Anchor Investor Portion.

Provided that the Promoters may participate in the Offer to the extent that they are offering their Equity Shares in the Offer for Sale.

Who can Bid?

In addition to the category of Bidders set forth in the sub-section titled "*– Part B – General Information Document for Investing in Public Issues – Category of Investors Eligible to Participate in an Issue*" beginning on page 386, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines:

- FPIs, other than Category III FPIs;
- Category III FPIs who are foreign corporates or foreign individuals only under the Non-Institutional Portion;
- Scientific and/or industrial research organisations in India, which are authorised to invest in equity shares; and
- Any other person eligible to Bid in this Offer, under the laws, rules, regulations, guidelines and polices applicable to them.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with the SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which such Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity-related instruments of any single company, provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Eligible NRI Bidders Bidding on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External ("**NRE**") accounts, or Foreign Currency Non-Resident ("**FCNR**") Accounts, and eligible NRI Bidders Bidding on a non-repatriation basis by using Resident Forms should authorize their respective SCSBs to block their Non-Resident Ordinary ("**NRO**") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour).

Eligible NRIs Bidding on repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour).

Bids by FPIs

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10% of our post- Offer Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to RBI. As of the date of this Draft Red Herring Prospectus, the existing individual investment limit for a single FPI is 10% of the paid up capital of our Company and the existing aggregate investment limit of FPIs in our Company is 24% of the paid up capital of our Company. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III Foreign Portfolio Investors and unregulated broad based funds, which are classified as Category II Foreign Portfolio Investors by virtue of their investment manager being appropriately regulated, may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only if (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms, and (iii) such offshore derivative instruments shall not be issued to or transferred to persons who are resident Indians or NRIs and to entities beneficially owned by resident Indians or NRIs. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by, or on behalf of, it to any persons that are not regulated by an appropriate foreign regulatory authority.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to *inter alia* the following conditions:

(a) such offshore derivative instruments are transferred only to persons in accordance with Regulation 22(1) of the SEBI FPI Regulations; and

(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

Bids by SEBI-registered VCFs, AIFs and FVCIs

The SEBI FVCI Regulations and the SEBI AIF Regulations prescribe, *inter-alia*, the investment restrictions on the VCFs, FVCIs and AIFs registered with SEBI.

The holding by any individual VCF or FVCI registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of such VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

Category I and Category II AIFs cannot invest more than 25% of their respective corpus in one investee company. A Category III AIF cannot invest more than 10% of its corpus in one investee company. A VCF registered as a Category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription pursuant to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up. Further, the shareholding of VCFs, Category I AIFs and FVCIs holding equity shares of a company prior to an initial public offering being undertaken by such company, shall be exempt from lock-in requirements, provided such equity shares have been held for a minimum of one year prior to the date of filing of the draft red herring prospectus.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Our Company, the Selling Shareholders and the Book Running Lead Managers will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids by Limited Liability Partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, as amended, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, as amended, must be attached to the Bid cum Application Form of such limited liability partnership. Failing this, our Company and the Selling Shareholders reserve the right to reject any Bid without assigning any reason thereof.

Bids by Banking Companies

In case of Bids made by banking companies registered with the RBI, certified copies of (i) the certificate of registration issued by the RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company and the Selling Shareholders reserves the right to reject any Bid without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended (the "**Banking Regulation Act**"), and the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, is 10% of the paid-up share capital of the investee company, not being its subsidiary engaged in non-financial services, or 10% of the bank's own paid-up share capital and reserves, whichever is lower. However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid-up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) the additional acquisition is through restructuring of debt/corporate debt restructuring/strategic debt restructuring, or to protect the bank's interest on loans/investments made to a company. The bank is required to submit a time bound action plan for disposal of such shares within a specified period to the RBI. A banking company would require a prior approval of the RBI to make (i) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed), and (ii) investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in 5(a)(v)(c)(i) of the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016. Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the investee company's paid-up share capital and reserves.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the circular (no. CIR/CFD/DIL/12/2012) dated September 13, 2012 and (no. CIR/CFD/DIL/1/2013) January 2, 2013, respectively, issued by SEBI. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI-registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

Bids by Systemically Important Non-Banking Financial Companies

In case of Bids made by systemically important non-banking financial companies, a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s), must be attached to the Bid-cum Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason thereof. Systemically important non-banking financial companies participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

Bids by Insurance Companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2016, as amended (the "**IRDAI Investment Regulations**"), are broadly set forth below:

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of (i) an amount of 10% of the investment assets of a life insurer or general insurer excluding fair value change of certain investment assets as prescribed under the IRDAI Investment Regulations, and (ii) the aggregate amount of investment in debt and investment in equity as calculated under (a), (b) and (c) below, as the case may be.

(i) *Limit for the investee company*: (i) 10%* of the outstanding equity shares (face value); or (ii) 10% of the such funds and reserves as specified under the IRDAI Investment Regulations, in case of a life insurer, or 10% of all assets in case of a general insurer or reinsurer or health insurer, as the case may be, whichever is lower;

(ii) *Limit for the entire group of the investee company*: Not more than (i) 15% of such funds and reserves as specified under the IRDAI Investment Regulations, in case of a life insurer, or (ii) 15% of all assets in case of a general insurer or reinsurer or health insurer, as the case may be; and

(iii) *Limit for the industry sector to which the investee company belongs*: Not more than (i) 15% of such funds and reserves as specified under the IRDAI Investment Regulations, in case of a life insurer, or (ii) 15% of all assets in case of a general insurer or reinsurer or health insurer, as the case may be.

* *The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹ 2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹ 500,000 million or more but less than ₹ 2,500,000 million.*

Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

Bids by Provident Funds/Pension Funds

In case of Bids made by provident funds/pension funds with minimum corpus of ₹ 250 million, subject to applicable laws, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to reject any Bid, without assigning any reason thereof.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FPIs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹250 million, pension funds with a minimum corpus of ₹250 million and Systemically Important Non-Banking Financial Companies, subject to applicable laws, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and the Selling Shareholders in consultation with the Book Running Lead Managers in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form.

Bids by Eligible Employees

The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹ 500,000. The Allotment in the Employee Reservation Portion will be on a proportionate basis. However, Allotments to Eligible Employees in excess of ₹ 200,000 up to ₹ 500,000 shall be considered on a proportionate basis, in the event of under subscription in the Employee Reservation Portion. Subsequent under subscription, if any, in the Employee Reservation Portion shall be added back to the Net Offer. Eligible Employees under the Employee Reservation Portion may Bid at Cut-off Price provided that their Bid does not exceed ₹ 200,000 (excluding Employee Discount).

Bids under Employee Reservation Portion by Eligible Employees shall be:

- Made only in the prescribed Bid cum Application Form or Revision Form (i.e. Pink colour form).
- Only Eligible Employees (excluding such other persons not eligible under applicable laws, rules, regulations and guidelines) as at the date of the Red Herring Prospectus) would be eligible to apply in this Offer under the Employee Reservation Portion.
- In case of joint bids, the sole/ First Bidder shall be the Eligible Employee.
- Only those Bids, which are received at or above the Offer Price, would be considered for allocation under this portion.
- The Bids must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter.

- Bids by Eligible Employees in the Employee Reservation Portion and in the Net Offer portion shall not be treated as multiple Bids. Further, bids by Eligible Employees in the Employee Reservation Portion (subject to the Payment Amount being up to ₹ 200,000) shall also not be treated as multiple Bids. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all portions. For further details, see "*Offer Procedure – Multiple Bids*" on page 393.

- The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹ 500,000 on a net basis. However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 200,000 (which will be less Employee Discount). Only in the event of an under-subscription in the Employee Reservation Portion post the initial allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹ 200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000 (which will be less Employee Discount).

- If the aggregate demand in this portion is less than or equal to [●] Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.

- Under-subscription, if any, in any portion, (including the Employee Reservation Portion), except in the QIB Portion, would be allowed to be met with spill-over from any other portion or a combination of portions at the discretion of our Company in consultation with the Selling Shareholders, the Book Running Lead Managers and the Designated Stock Exchange.

If the aggregate demand in this portion is greater than [●] Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of Allotment, see "*Offer Procedure – Part B - Basis of Allocation*" beginning on page 402.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders, and the Book Running Lead Managers are not liable for any amendments or modification or changes to applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulations, or as specified in this Draft Red Herring Prospectus, or as will be specified in the Red Herring Prospectus and the Prospectus.

General Instructions

***Do's*:**

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;

2. Ensure that you have Bid within the Price Band;

3. Read all the instructions carefully and complete the Bid cum Application Form, in the prescribed form;

4. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the relevant Designated Intermediary at the concerned Bidding Centre within the prescribed time;

5. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB, before submitting the ASBA Form to any of the Designated Intermediaries. If the first applicant is not the ASBA Account holder, ensure that the Bid cum Application Form is also signed by the ASBA Account holder;

6. Ensure that the PAN details, DP ID and Client ID are correct and the Bidders depository account is active as Allotment of Equity Shares pursuant to the Offer will only be in dematerialised form;

7. Ensure that the signature of the First Bidder, in case of joint Bids, is included in the Bid cum Application Form;

8. In case of joint Bids, the Bid cum Application Form should contain the name of only the First Bidder, whose name should also appear as the first holder of the beneficiary account held in joint names;

9. Ensure that you request for and receive a stamped acknowledgement of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;

10. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgement;

11. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the circular dated June 30, 2008 issued by SEBI, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of the circular dated July 20, 2006 issued by SEBI, may be exempted from specifying their PAN for transacting in the securities market,

all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

12. Ensure that the Demographic Details are updated, true and correct in all respects;

13. Instruct your respective banks to not release the funds blocked in ASBA Account under ASBA process.

14. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

15. Ensure that the category and the investor status is indicated;

16. Ensure that in case of Bids under power of attorney, including Bids by limited companies, corporates, trusts, and so on, all relevant documents are submitted;

17. Ensure that Bids submitted by any person outside India are in compliance with applicable foreign and Indian laws;

18. Ensure that the depository account is active, the correct DP ID, Client ID and PAN details are mentioned in the Bid cum Application Form and that the name of the Bidder, DP ID, Client ID and the PAN entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID and PAN available in the Depository's database; and

19. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the concerned SCSB via electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form, as the case may be, at the time of submission of the Bid;

20. Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form; and

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;

3. Do not withdraw your Bid or lower the size of your Bid (in terms of number of Equity Shares or Bid amount), if you are a QIB or a Non-Institutional Bidder;

4. Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Bidders);

5. Do not pay the Bid Amount by cheque, demand draft, cash, money order, postal order or stock invest;

6. Do not send Bid cum Application Forms by post, and instead, submit the same only to the relevant Designated Intermediary;

7. Do not Bid at Cut-off Price (for Bids by QIBs, Eligible Employees under the Employee Reservation Portion (subject to the Bid Amount being above ₹ 200,000) and Non-Institutional Bidders);

8. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

9. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus;

10. Do not submit the Bid for an amount more than funds available in your ASBA Account;

11. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;

12. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable laws or under your respective constitutional documents or otherwise;

13. Do not deliver Bid cum Application Forms after the time prescribed in the RHP and the Bid cum Application Forms;

14. Do not Bid on another Bid cum Application Form after you have submitted a Bid to the Designated Intermediary;

15. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872, as amended (other than in the case of minors having valid depository accounts as per Demographic Details provided by the depository); and

16. Do not submit more than five Bid cum Application Forms per ASBA Account.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Payment into Anchor Investor Escrow Account

Our Company and the Selling Shareholders in consultation with the Book Running Lead Managers will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which, the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. For Anchor Investors, the payment instruments for payment into the Anchor Investor Escrow Account should be drawn in favour of:

(a) In case of resident Anchor Investors: "[●]"

(b) In case of Non-Resident Anchor Investors: "[●]"

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, in the form prescribed under Part A of Schedule XIII of the SEBI Regulations, in all editions of the English national daily newspaper [●], all editions of the Hindi national daily newspaper [●] and [●] edition of Gujarati daily newspaper [●] (Gujarati being the regional language of Gujarat, where the Registered Office is located), each with wide circulation.

The above information is given for the benefit of the Bidders/applicants. Our Company, the Selling Shareholders, and the Book Running Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders/applicants are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the prescribed limits under applicable laws or regulations.

Signing of the Underwriting Agreement and Filing with the RoC

(a) Our Company, the Selling Shareholders and the Syndicate intend to enter into an Underwriting Agreement after the finalisation of the Offer Price.

(b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which would then be termed as the Prospectus. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, the Offer size, and underwriting arrangements and will be complete in all material respects.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013, which is reproduced below:

"*Any person who:*

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

***shall be liable for action under Section 447.*"**

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

Undertakings by our Company

Our Company undertakes the following:

- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within six Working Days of the Bid/Offer Closing Date will be taken;
- if our Company and/or the Selling Shareholders do not proceed with the Offer after the Bid/Offer Closing Date, the reason thereof shall be given by our Company as a public notice within two days of the Bid/Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The Stock Exchanges shall also be informed promptly;
- the funds required for making refunds (to the unsuccessful applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- if Allotment is not made within the prescribed timelines under applicable laws, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable laws. If there is a delay beyond such prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI Regulations and other applicable laws for the delayed period;
- where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within six 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;
- intimation of the credit of the Equity Shares/intimation of refunds to Eligible NRIs shall be despatched within specified time;
- no further issue of the Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded/unblocked in the relevant ASBA Accounts on account of non-listing, under-subscription, etc.;
- adequate arrangements shall be made to collect all Bid cum Application Forms from Bidders and Anchor Investor Application Forms from Anchor Investors; and
- 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.

Undertakings by the Selling Shareholders

The Selling Shareholders undertakes and/or confirms the following:

- it is the legal and beneficial holder and has valid and full title to the Equity Shares being offered by it under the Offer for Sale;
- the Equity Shares being offered by it in the Offer are fully paid and shall be in dematerialized form prior to filing of the Red Herring Prospectus;
- the Offered Shares are eligible to be offered for sale pursuant to the Offer as per the provisions of Regulation 26(6) of the SEBI Regulations;
- the Equity Shares being offered by it pursuant to the Offer are free and clear of any encumbrances and shall be transferred to the Bidders within the time specified under applicable law;
- it shall not have recourse to the proceeds from the Offer for Sale until receipt by our Company of the final listing and trading approvals from all the Stock Exchanges in accordance with applicable law; and
- It shall deliver the Equity Shares being offered by it in the Offer into the Escrow Account as per the Share Escrow Agreement.

Utilisation of Offer Proceeds

The Board of Directors certify that:

- all monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013;

- details of all monies utilised out of the proceeds from the Fresh Issue shall be disclosed, and continue to be disclosed till all the time any part of the proceeds from the Fresh Issue remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised, or the form in which such unutilised monies have been invested; and

- continue to be disclosed till the time any part of the proceeds from the Fresh Issue remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised, or the form in which such unutilised monies have been invested.

PART B

General Information Document for Investing in Public Issues

This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, the SCRA read with the SCRR and the SEBI Regulations. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Offer. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Offer, and should carefully read the Red Herring Prospectus/Prospectus before investing in the Offer.

SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Book-Building Process as well as to the Fixed Price 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 Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("**SEBI 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 ("**RoC**"). Bidders/Applicants should carefully read the entire RHP/Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the 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 Book Running Lead Managers(s) to the Issue and on the website of Securities and Exchange Board of India ("**SEBI**") at www.sebi.gov.in.

For the definitions of capitalized terms and abbreviations used herein Bidders/Applicants may see "*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 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/Regulation 27 of the SEBI 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 Regulations, 2009, the Companies Act, 2013, the Companies Act, 1956 (to the extent applicable), the Securities Contracts (Regulation) Rules, 1957 (the "SCRR"), industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/Applicants may refer to the RHP/Prospectus.

2.4 Types of Public Issues – Fixed Price Issues and Book Built Issues

In accordance with the provisions of the SEBI 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 the 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 advertisement in the newspaper(s) issued in this regard.

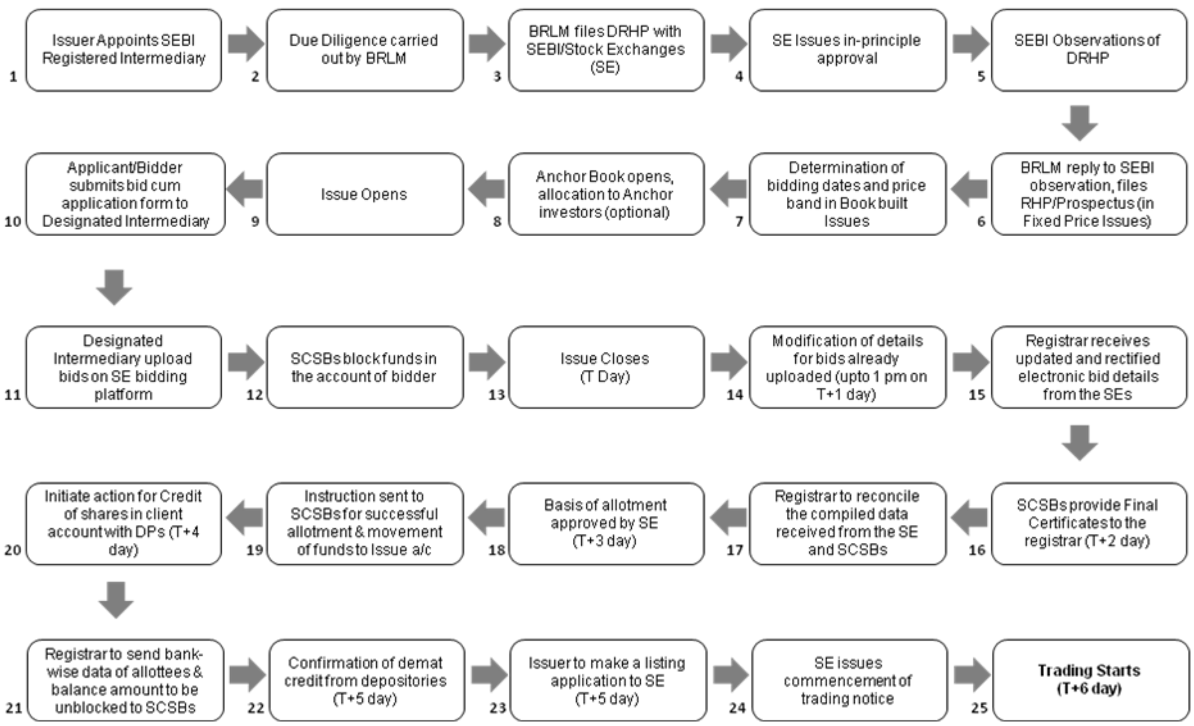
2.6 FLOWCHART OF TIMELINES

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 Built 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 Form with any of the Designated Intermediaries.



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, FPIs 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;
- Scientific and/or industrial research organisations authorised in India to invest in the Equity Shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Regulations, 2009 and other laws, as applicable);
- FPIs other than Category III foreign portfolio investors, Bidding under the QIBs category;
- FPIs which are Category III foreign portfolio investors**,** Bidding under the NIBs category;
- Scientific and/or industrial research organisations authorised in India to invest in the Equity Shares;
- 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;
- Any other person eligible to Bid/Apply in the Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws; and
- As per the existing regulations, OCBs are not allowed to participate in an Issue.

SECTION 4: APPLYING IN THE ISSUE

Book Built Issue: Bidders should only use the specified ASBA Form (or in case of Anchor Investors, the Anchor Investor Application Form) bearing the stamp of a Designated Intermediary, as available or downloaded from the websites of the Stock Exchanges. Bid cum Application Forms are available with the book running lead managers, the Designated Intermediaries at the Bidding Centers 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 Bid cum Application Form bearing the stamp of the relevant Designated Intermediaries, as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Designated Branches of the SCSBs and at the Registered Office and Corporate Office of the Issuer. For further details, regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed colour of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

Category	Colour of the Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non-repatriation basis	White
NRIs, FVCIs, their sub-accounts (other than sub-accounts which are foreign corporate(s) or foreign individuals Bidding under the QIB), FPIs, on a repatriation basis	Blue
Anchor Investors (where applicable) & Bidders Bidding/applying in the reserved category	As specified by the Issuer

Securities issued in an IPO can only be in dematerialised 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 FILLING THE BID CUM APPLICATION FORM/APPLICATION FORM

Bidders/Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non-resident Bidders are reproduced below:

Application Form – For Residents

COMMON BID CUM APPLICATION FORM | XYZ LIMITED - INITIAL PUBLIC ISSUE - R | FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS

Address : ………………… Contact Details: ………………… CIN No …………

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE

ISIN : ……………………

Bid cum Application Form No.

TEAR HERE

SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	ESCROW BANK/SCSB BRANCH STAMP & CODE
BANK BRANCH SERIAL NO.	SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			
	8 | 7 | 6 | 5 | 4 | 3 | 2 | 1	Bid Price 3 | 2 | 1	Retail Discount 3 | 2 | 1	Net Price 3 | 2 | 1	"Cut-off" (Please ✓ tick)
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. CATEGORY

☐ Retail Individual Bidder
☐ Non-Institutional Bidder
☐ QIB

6. INVESTOR STATUS

☐ Individual(s) - IND
☐ Hindu Undivided Family* - HUF
☐ Bodies Corporate - CO
☐ Banks & Financial Institutions - FI
☐ Mutual Funds - MF
☐ Non-Resident Indians - NRI (Non-Repatriation basis)
☐ National Investment Fund - NIF
☐ Insurance Funds - IF
☐ Insurance Companies - IC
☐ Venture Capital Funds - VCF
☐ Alternative Investment Funds - AIF
☐ Others (Please specify) - OTH

* HUF should apply only through Karta (Application by HUF would be treated on par with Individual)

7. PAYMENT DETAILS PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐

Amount paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

8A. SIGNATURE OF SOLE/ FIRST BIDDER	8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)	BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)
	I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue	
	1)	
	2)	
Date :	3)	

TEAR HERE

LOGO | XYZ LIMITED | INITIAL PUBLIC ISSUE - R | Acknowledgement Slip for Broker/SCSB/ DP/RTA | Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Amount paid (₹ in figures)	Bank & Branch	Stamp & Signature of SCSB Branch
ASBA Bank A/c No.		
Received from Mr./Ms.		
Telephone / Mobile	Email	

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC ISSUE - R

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

ASBA Bank A/c No.

Bank & Branch

Bid cum Application Form No.

TEAR HERE — PLEASE FILL IN BLOCK LETTERS — TEAR HERE

Application Form – For Non – Residents

COMMON BID CUM APPLICATION FORM	XYZ LIMITED - INITIAL PUBLIC ISSUE - NR Address : .... Contact Details: .... CIN No	FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIS, FPIS OR FVCIS, ETC APPLYING ON A REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE
ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	ESCROW BANK/SCSB BRANCH STAMP & CODE
BANK BRANCH SERIAL NO.	SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			
		Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓ tick)
	8 | 7 | 6 | 5 | 4 | 3 | 2 | 1	3 | 2 | 1	3 | 2 | 1	3 | 2 | 1	
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. CATEGORY

☐ Retail Individual Bidder
☐ Non-Institutional Bidder
☐ QIB

6. INVESTOR STATUS

NRI	Non-Resident Indian(s) (Repatriation basis)
FII	FII or Sub-account not a Corporate/Foreign Individual
FIISA	FII Sub-account Corporate/Individual
FVCI	Foreign Venture Capital Investor
FPI	Foreign Portfolio Investors
OTH	Others (Please Specify)________

7. PAYMENT DETAILS — PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐

Amount paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

8A. SIGNATURE OF SOLE/ FIRST BIDDER	8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)	BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)
	I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue	
	1)	
	2)	
Date : ________	3)	

TEAR HERE

LOGO

XYZ LIMITED INITIAL PUBLIC ISSUE - NR	Acknowledgement Slip for Broker/SCSB/ DP/RTA	Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Amount paid (₹ in figures)	Bank & Branch	Stamp & Signature of SCSB Branch
ASBA Bank A/c No.		
Received from Mr./Ms.		
Telephone / Mobile	Email	

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC ISSUE - NR

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

ASBA Bank A/c No.

Bank & Branch

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

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 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 Designated Intermediaries 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.

(d) **Impersonation**: Attention of the Bidders/Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"*Any person who:*

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

***shall be liable for action under Section 447.*"**

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

(e) **Nomination Facility to Bidder/Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of Allotment of the Equity Shares in dematerialised 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 CDP.

4.1.2 **FIELD NUMBER 2: PAN OF SOLE/FIRST BIDDER/APPLICANT**

(a) PAN (of the sole/first Bidder/Applicant) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person in whose sole or first 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. 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 which provide the GIR Number instead of PAN may be rejected.

(e) Bids/Applications by Bidders/Applicants 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 is liable to be rejected.**

(b) Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active.

(c) Bidders/Applicants should note that on the basis of the 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 sending allocation advice or unblocking of ASBA or for other correspondence(s) related to an Issue.

(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 Bidders 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 NIBs and such Bids from QIBs and NIBs may be rejected.

(d) **Minimum Application Value and Bid Lot**: The Issuer in consultation with the Book Running Lead Managers may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹10,000 to ₹15,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum application value.

(e) **Allotment:** The Allotment of specified securities to each RIB shall not be less than the minimum Bid Lot, subject to availability of shares in the RIB 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 Bidders, Employees and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed ₹200,000.

(b) In case the Bid Amount exceeds ₹200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category (with it not being eligible for Discount), then such Bid may be rejected if it is at the Cut-off Price.

(c) For NRIs, a Bid Amount of up to ₹200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ₹200,000 may be considered under the Non-Institutional Category for the purposes of allocation.

(d) Bids by QIBs and NIBs must be for such minimum number of shares such that the Bid Amount exceeds ₹200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. NIBs and QIBs are not allowed to Bid at Cut-off Price.

(e) In case the Bid Amount reduces to ₹200,000 or less due to a revision of the Price Band, Bids by the NIBs who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.

(f) For Anchor Investors, if applicable, the Bid Amount shall be least ₹10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Category under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/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 highest 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 three Bids at different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

Submission of a second Bid cum Application Form to either the same or to another Designated Intermediary and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

(b) Bidders are requested to note the following procedures may be followed by the Registrar to the 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, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.

ii. For Bids from Mutual Funds 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 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 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 Regulations, 2009 for the purpose of Bidding, allocation and Allotment in the Issue are RIBs, NIBs 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 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/Applicants may refer to the RHP/Prospectus.

(c) An Issuer can make reservation for certain categories of Bidders/Applicants as permitted under the SEBI Regulations, 2009. For details of any reservations made in the Issue, Bidders may refer to the RHP/Prospectus.

(d) The SEBI 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, FPIs and FVCIs may not be allowed to Bid 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) The full Bid Amount (net of any Discount, as applicable) shall be blocked in the ASBA Account based on the authorisation provided in the ASBA Form. If the Discount is applicable in the Issue, the RIBs should indicate the full Bid Amount in the Bid cum Application Form and the funds shall be blocked for the Bid Amount net of Discount. Only in cases where the RHP/Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.

(b) RIBs who Bid at Cut-off Price shall arrange to block the Bid Amount based on the Cap Price.

(c) All Bidders (except Anchor Investors) have to participate in the Issue only through the ASBA mechanism.

(d) Bid Amount cannot be paid in cash through money order or through postal order.

4.1.7.1 **Instructions for Anchor Investors:**

(a) Anchor Investors may submit their Bids with a Book Running Lead Manager.

(b) Payments should be made either by direct credit, RTGS, NACH or NEFT.

(c) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Anchor Investors until the Designated Date.

4.1.7.2 **Payment instructions for ASBA Bidders:**

(a) Bidders may submit the ASBA Form either

i. in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or

ii. in physical mode to any Designated Intermediary.

(b) Bidders must specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by Bidder and which is accompanied by cash, demand draft, cheque, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, will not be accepted.

(c) Bidders should ensure that the ASBA Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder;

(d) Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

(e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.

(f) Bidders should submit the Bid cum Application Form only at the Bidding Centers, i.e. to the respective member of the Syndicate at the Specified Locations, the SCSBs, the Registered Broker at the Broker Centers, the RTA at the Designated RTA Locations or CDP at the Designated CDP Locations.

(g) Bidders Bidding through a Designated Intermediary (other than a SCSB) should note that ASBA Forms submitted to such Designated Intermediary may not be accepted, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for such Designated Intermediary to deposit ASBA Forms.

(h) Bidders Bidding directly through the SCSBs should ensure that the ASBA Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

(i) Upon receipt of the ASBA 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 ASBA 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 accept such Bids and such bids are liable to be rejected.

(l) Upon submission of a completed ASBA Form, each Bidder may be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount specified in the ASBA 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 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 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 ASBA 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 six Working Days of the Bid/Issue Closing Date.

4.1.7.3 **Discount** (if applicable)

(a) The Discount is stated in absolute rupee terms.

(b) Bidders applying under RIB 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 block the Bid Amount less Discount.

Bidder may note that in case the net amount blocked (post Discount) is more than two lakh Rupees, the Bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RIB category.

4.1.8 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

(a) Only the First Bidder/Applicant is required to sign the Bid cum Application Form/Application Form. Bidders/Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.

(b) If the ASBA Account is held by a person or persons other than the Bidder/Applicant, then the signature of the ASBA Account holder(s) is also required.

(c) The signature has to be correctly affixed in the authorisation/undertaking box in the Bid cum Application/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/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 Acknowledgement Slip duly signed and stamped by the Designated Intermediary, as applicable, for submission of the ASBA Form.

(b) All communications in connection with Bids made in the Issue may be addressed to the Registrar to the Issue with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder/Applicant, Bid cum Application Form number, Bidders'/Applicants' DP ID, Client ID, PAN, date of submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder, ASBA Account number in case of ASBA Bidders and unique transaction reference number and the name of the relevant bank in case of Anchor Investors.

Further, the investor shall also enclose a copy of the Acknowledgement Slip duly received from the Designated Intermediaries in addition to the information mentioned hereinabove.

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

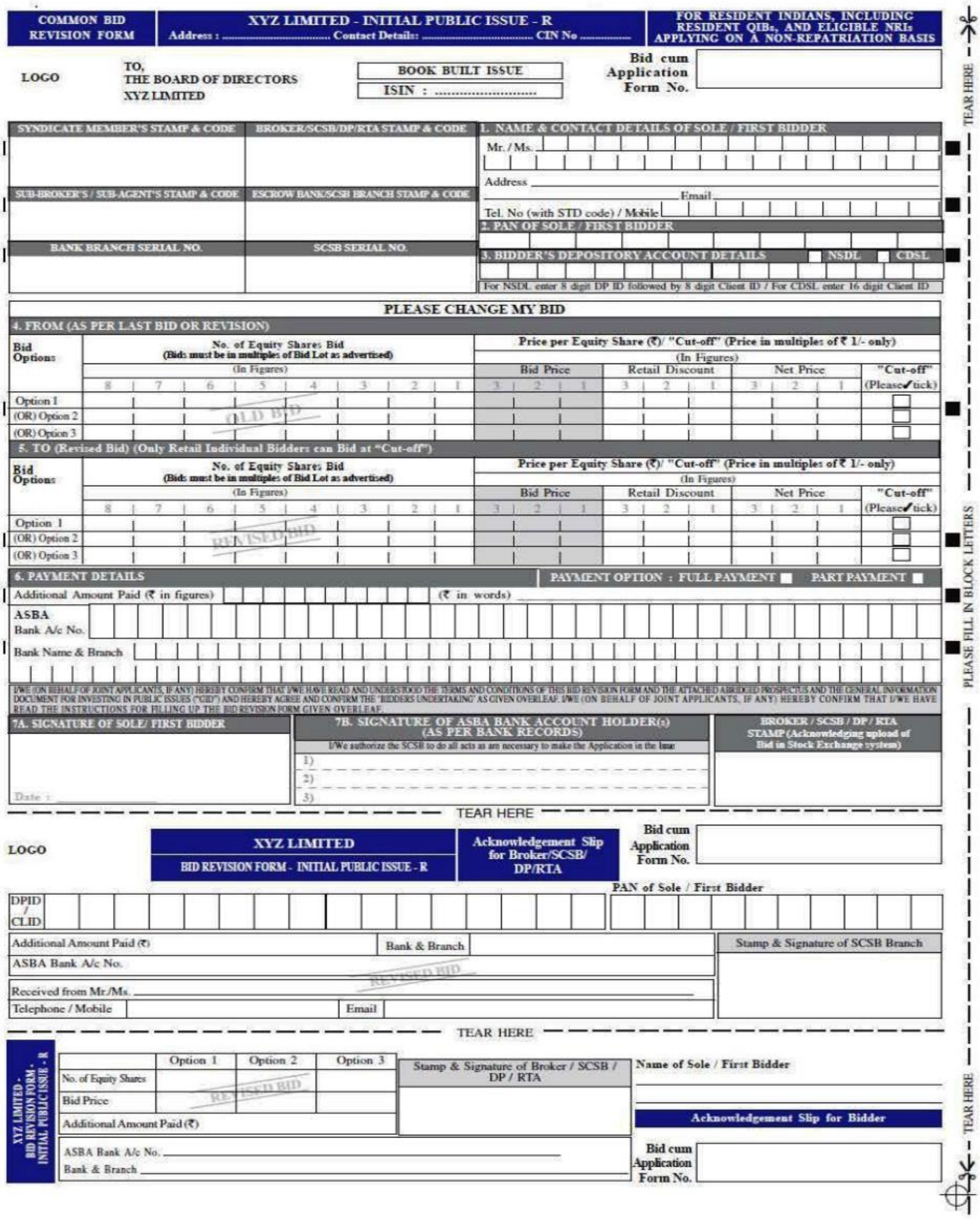
(a) During the Bid/Issue Period, any Bidder/Applicant (other than QIBs and NIBs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.

(b) RIBs may revise their bids or withdraw their Bids till the Bid/Issue Closing Date.

(c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.

(d) The Bidder/Applicant can make this revision any number of times during the Bid/Issue Period. However, for any revision(s) in the Bid, the Bidders/Applicants will have to use the services of the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid. Bidders/Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

A sample revision form is reproduced below:


COMMON BID REVISION FORM

XYZ LIMITED - INITIAL PUBLIC ISSUE - R

Address : .... Contact Details: .... CIN No ....

FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs, AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE

ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE | BROKER/SCSB/DP/RTA STAMP & CODE

SUB-BROKER'S / SUB-AGENT'S STAMP & CODE | ESCROW BANK/SCSB BRANCH STAMP & CODE

BANK BRANCH SERIAL NO. | SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS NSDL CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

PLEASE CHANGE MY BID

4. FROM (AS PER LAST BID OR REVISION)

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures) 8 7 6 5 4 3 2 1	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price 3 2 1	Retail Discount 3 2 1	Net Price 3 2 1	"Cut-off" (Please ✓ tick)
Option 1					
(OR) Option 2	OLD BID				
(OR) Option 3					

5. TO (Revised Bid) (Only Retail Individual Bidders can Bid at "Cut-off")

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures) 8 7 6 5 4 3 2 1	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price 3 2 1	Retail Discount 3 2 1	Net Price 3 2 1	"Cut-off" (Please ✓ tick)
Option 1					
(OR) Option 2	REVISED BID				
(OR) Option 3					

6. PAYMENT DETAILS | PAYMENT OPTION : FULL PAYMENT PART PAYMENT

Additional Amount Paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID REVISION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID REVISION FORM GIVEN OVERLEAF.

7A. SIGNATURE OF SOLE/ FIRST BIDDER

Date :

7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS)

I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue

1)
2)
3)

BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

LOGO

XYZ LIMITED

BID REVISION FORM - INITIAL PUBLIC ISSUE - R

Acknowledgement Slip for Broker/SCSB/ DP/RTA

Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Additional Amount Paid (₹)

Bank & Branch

ASBA Bank A/c No.

Stamp & Signature of SCSB Branch

REVISED BID

Received from Mr./Ms.

Telephone / Mobile

Email

TEAR HERE

XYZ LIMITED - BID REVISION FORM - INITIAL PUBLIC ISSUE - R

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price		REVISED BID	
Additional Amount Paid (₹)			

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

ASBA Bank A/c No.

Bank & Branch

Bid cum Application Form No.

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

4.2.1 **FIELDS 1, 2 AND 3**: **NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Bidders/Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.2.2 **FIELD 4 & 5: BID OPTIONS REVISION 'FROM' AND 'TO'**

(a) Apart from mentioning the revised options in the Revision Form, the Bidder/Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder/Applicant has Bid for three options in the Bid cum Application Form and such Bidder/Applicant is changing only one of the options in the Revision Form, the Bidder/Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The Designated Intermediaries may not accept incomplete or inaccurate Revision Forms.

(b) In case of revision, Bid options should be provided by Bidders/Applicants in the same order as provided in the Bid cum Application Form.

(c) In case of revision of Bids by RIBs, Employees and Retail Individual Shareholders, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹ 200,000. In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIBs, 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 ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the RIB 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 where possible shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RIB and the RIB is deemed to have approved such revised Bid at Cut-off Price.

(e) In case of a downward revision in the Price Band, RIBs 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 after the allotment is finalised.

4.2.3 **FIELD 6: PAYMENT DETAILS**

(a) All Bidders/Applicants are required to authorise that the full Bid Amount (less Discount (if applicable) is blocked. In case of Bidders/Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.

(b) Bidder/Applicant 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 Designated Intermediary through whom such Bidder/Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.

(c) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds ₹200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the Bidder/Applicant does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for, where possible, may be adjusted downwards for the purpose of Allotment, such that additional amount is required blocked and the Bidder/Applicant is deemed to have approved such revised Bid at the Cut-off Price.

(d) In case of a downward revision in the Price Band, RIBs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount blocked at the time of Bidding may be unblocked after the finalisation of Basis of Allotment.

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, 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 Issue Price or Price Band in the draft Prospectus. However, a prospectus registered with RoC contains one price or coupon rate (as applicable).

(b) **Minimum Application Value and Bid Lot**: The Issuer and the Selling Shareholder in consultation with the Book Running Lead Managers may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹10,000 to ₹15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.

(c) Applications by RIBs**,** Employees and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed ₹ 200,000.

(d) Applications by other investors must be for such minimum number of shares such that the application amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be.

(e) An application cannot be submitted for more than the 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 other SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.

(h) Applicants are requested to note the following procedures may be followed by the Registrar to the 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, Applications bearing the same PAN may be treated as multiple applications by an Applicant and may be rejected.

ii. For applications from Mutual Funds, submitted under the same PAN, as well as Applications 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 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 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 Regulations, 2009 for the purpose of Bidding, allocation and Allotment in the Issue are RIBs, individual applicants other than RIBs 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 Regulations, 2009. For details of any reservations made in the Issue, applicants may refer to the Prospectus.

(c) The SEBI 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 (other than Anchor Investors) are required to make use ASBA for applying in the Issue.

(b) Application Amount cannot be paid in cash, through money order, cheque, demand draft or through postal order or through stock invest.

4.3.5.1 **Payment instructions for Applicants**

Applicants should refer to instructions contained in paragraph 4.1.7.2

4.3.5.2 **Unblocking of ASBA Account**

Applicants should refer to instructions contained in paragraph 4.1.7.2.1

4.3.5.3 **Discount** (if applicable)

Applicants should refer to instructions contained in paragraph 4.1.7.3

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/APPLICATION FORM/REVISION FORM

4.4.1 **Bidders may submit completed Bid cum application form/Revision Form in the following manner:-**

Mode of Application	Submission of Bid cum Application Form
Anchor Investors Application Form	1) To the Book Running Lead Managers at the locations mentioned in the Anchor Investor Application Form
ASBA Form	(a) To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centers or the RTA at the Designated RTA Location or the CDP at the Designated CDP Location (b) To the Designated Branches of the SCSBs, where the ASBA Account is maintained

(a) Bidders/Applicants should submit the Revision Form to the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid.

(b) Upon submission of the Bid cum Application Form, the Bidder/Applicant will be deemed to have authorized the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/Applicant.

(c) Upon determination of the 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 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, Bidders/Applicants may approach any of the Designated Intermediaries to register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the Book Running Lead Managers, to register their Bid.

(b) In case of Bidders/Applicants (excluding NIBs and QIBs) Bidding at Cut-off Price, the Bidders/Applicants may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable).

(c) For details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders/Applicants are requested to refer to the RHP.

5.2 ELECTRONIC REGISTRATION OF BIDS

(a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.

(b) On the Bid/Issue Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the Red Herring Prospectus.

(c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1:00 pm on the next Working Day following the Bid/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 to the Issue for further processing.

5.3 BUILD UP OF THE BOOK

(a) Bids received from various Bidders/Applicants through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the Book Running Lead Managers 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 Centers during the Bid/Issue Period.

5.4 WITHDRAWAL OF BIDS

(a) RIBs can withdraw their Bids until Bid/Issue Closing Date. In case a RIB 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 Designated Intermediary who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.

(b) The Registrar to the Issue shall give instruction to the SCSB for unblocking the ASBA Account upon or after the finalisation of Basis of Allotment. QIBs and NIBs can neither withdraw nor lower the size of their Bids at any stage.

5.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS

(a) The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to:

i. the Bids accepted by the Designated Intermediary,

ii. the Bids uploaded by the Designated Intermediary, and

iii. the Bid cum Application Forms accepted but not uploaded by the Designated Intermediary.

Any RIB whose Bid has not been considered for Allotment, due to failures on the part of SCSB may seek redressal from the concerned SCSB within three months of the listing date in accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2018/22 dated February 15, 2018.

(b) The Book Running Lead Managers 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) Book Running Lead Managers 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, NIBs & RIBs can be rejected on technical grounds listed herein.

5.5.1 GROUNDS FOR TECHNICAL REJECTIONS

Bid cum Application Forms/Application Forms can be rejected on the below mentioned technical grounds either at the time of their submission to any of the Designated Intermediaries, or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected 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;

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;

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. PAN not mentioned in the Bid cum Application Form/Application Forms, 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;

h. In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;

i. Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;

j. Bids/Applications at a price less than the Floor Price and Bids/Applications at a price more than the Cap Price;

k. Bids/Applications at Cut-off Price by NIBs and QIBs;

l. The amounts mentioned in the Bid cum Application Form/Application Forms do not tally with the amount payable for the value of the Equity Shares Bid/Applied for;

m. Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;

n. Submission of more than five ASBA Forms/Application Forms as through a single ASBA Account;

o. Bids/Applications for number of Equity Shares which are not in multiples of Equity Shares as specified in the RHP;

p. Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;

q. Bids not uploaded in the Stock Exchanges bidding system;

r. Inadequate funds in the bank account to block the Bid/Application Amount specified in the ASBA Form/Application Form at the time of blocking such Bid/Application Amount in the bank account;

s. Where no confirmation is received from SCSB for blocking of funds;

t. Bids/Applications by Bidders (other than Anchor Investors) not submitted through ASBA process;

u. Bids/Applications submitted to Designated Intermediaries at locations other than the Bidding Centers or to the Escrow Collection Banks (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the Issuer or the Registrar to the Issue;

v. Bids/Applications not uploaded on the terminals of the Stock Exchanges; and

w. 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 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 any category (except QIB Category) is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer and the Selling Shareholder and in consultation with the Book Running Lead Managers and the Designated Stock Exchange and in accordance with the SEBI Regulations, 2009. Unsubscribed portion in QIB Category is not available for subscription to other categories.

(c) In case of under-subscription in the Issue, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the 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 Process and Price Discovery Process**

Bidders should note that this example is solely for illustrative purposes and is not specific to the Issue; it also excludes Bidding by Anchor Investors.

Bidders can bid at any price within the price band. For instance, assume a price band of ₹ 20 to ₹ 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the equity shares of the issuer 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 equity shares is the price at which the book cuts off, i.e., ₹ 22.00 in the above example. Our Company and the Selling Shareholder in consultation with the Book Running Lead Managers, will finalise the offer price at or below such cut-off price, i.e., at or below ₹ 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. RIBs, NIBs 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 the Designated Intermediary.

Applicants may submit an Application Form either in physical form to the any of the Designated Intermediaries or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only ("ASBA Account"). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/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 Bidders; and remaining to (i) individual investors other than Retail Individual Bidders; 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 Bidders 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 Bidder will be Allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Bidder 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 RIBs

Bids received from the RIBs 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 RIBs 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 RIBs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot ("**Maximum RIB Allottees**"). The Allotment to the RIBs will then be made in the following manner:

(a) In the event the number of RIBs who have submitted valid Bids in the Issue is equal to or less than Maximum RIB Allottees, (i) all such RIBs 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 RIBs 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 RIBs who have submitted valid Bids in the Issue is more than Maximum RIB Allottees, the RIBs (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 NIBs

Bids received from NIBs at or above the Issue Price may be grouped together to determine the total demand under this category. The Allotment to all successful NIBs 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 NIBs 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 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 7.3(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 in consultation with the Book Running Lead Managers, subject to compliance with the following requirements:

i. not more than 60% of the QIB Category will be allocated to Anchor Investors;

ii. one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and

iii. allocation to Anchor Investors shall be on a discretionary basis and subject to:

- a maximum number of two Anchor Investors for allocation up to ₹ 100 million;
- a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 100 million and up to ₹ 2,500 million subject to minimum Allotment of ₹ 50 million per such Anchor Investor; and
- a minimum number of five Anchor Investors and maximum number of 15 Anchor Investors for allocation more than ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹ 2,500 million or part thereof, subject to minimum Allotment of ₹ 50 million per such Anchor Investor.

(b) An Anchor Investor shall make an application of a value of at least ₹ 100 million in the Issue.

(c) A physical book is prepared by the Registrar on the basis of the Anchor Investor Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the Issuer in consultation with the Book Running Lead Managers, selected Anchor Investors will be sent a CAN and if required, a revised CAN.

(d) **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.

(e) **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), NIBs 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 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 to Anchor Investors 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 applying in the Anchor Investor Portion shall be made from the Refund Account as per the terms of the Escrow Agreement and the RHP. On the Designated Date, the Registrar to the Issue shall instruct the SCSBs to transfer funds represented by allocation of Equity Shares from ASBA Accounts into the Public Issue Account.

(b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders/Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the 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 Equity Shares to the successful Bidders'/Applicants' Depository Account will be completed within six Working Days of the Bid/Issue Closing Date.

SECTION 8: INTEREST AND REFUNDS

8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING

The Issuer shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within six Working Days of the Bid/Issue Closing Date. The Registrar to the Issue may initiate corporate action for credit to Equity Shares the beneficiary account with Depositories, within six 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) or obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer shall be punishable with a fine which shall not be less than ₹ 5 lakhs but which may extend to ₹ 50 lakhs and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than ₹ 50,000 but which may extend to ₹ 3 lakhs, or with both.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith take steps to refund, without interest, all moneys received from Bidders/Applicants.

If such money is not refunded to the Bidders/Applicants 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 Issue (excluding any offer for sale of specified securities), including devolvement to the Underwriters, the Issuer may forthwith, take steps to unblock the entire subscription amount received within six Working Days of the Bid/Issue Closing Date and repay, without interest, all moneys received from Anchor Investors. In case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable. In case of under-subscription in the Issue involving a Fresh Issue and the Offer for Sale, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale.

If there is a delay beyond the prescribed time after the Issuer becomes liable to pay the amount received from Bidders, then the Issuer and every director of the Issuer who is an officer in default may on and from expiry of 15 Working Days, be jointly and severally liable to repay the money, with interest at the rate of 15% per annum in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

8.2.3 MINIMUM NUMBER OF ALLOTTEES

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be Allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

8.2.4 IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING

In case an Issuer not eligible under Regulation 26(1) of the SEBI Regulations, 2009 comes for an Issue under Regulation 26(2) of SEBI (ICDR) Regulations, 2009 but fails to Allot at least 75% of the Issue to QIBs, in such case full subscription money is to be refunded.

8.3 MODE OF REFUND

(a) **In case of ASBA Bids:** Within six Working Days of the Bid/Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Accounts for unsuccessful Bids or for any excess amount blocked on Bidding.

(b) **In case of Anchor Investors:** Within six Working Days of the Bid/Issue Closing Date, the Registrar to the Issue may dispatch the refund orders for all amounts payable to unsuccessful Anchor Investors.

(c) In case of Anchor Investors, the Registrar to the Issue may obtain from the depositories, the Bidders' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Anchor Investor Application Forms for refunds. Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their depositories. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Anchor Investors' sole risk and neither the Issuer, the Registrar to the Issue, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Anchor Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay. Please note that refunds shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Collection Bank.

8.3.1 Electronic mode of making refunds for Anchor Investors

The payment of refund, if any, may be done through various electronic modes as mentioned below:

(a) **NACH**—National Automated Clearing House which is a consolidated system of ECS. Payment of refund would be done through NACH for Applicants having an account at one of the centers specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition (MICR) code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centers where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS;

(b) **NEFT**—Payment of refund may be undertaken through NEFT wherever the branch of the Anchor Investors' bank is NEFT enabled and has been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to the MICR of that particular branch. The IFSC 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 Anchor Investors have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Anchor Investors through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;

(c) **RTGS**—Anchor Investors 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

(d) **Direct Credit**—Anchor Investors having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account.

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 Collection Bank.

For details of levy of charges, if any, for any of the above methods, Anchor Investors may refer to RHP/Prospectus.

8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% per annum, if the Allotment is not made and refund instructions have not been given to the clearing system in the disclosed manner/instructions for unblocking of funds in the ASBA Account are not dispatched within the 15 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
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been Allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Allottee	An Bidder/Applicant to whom the Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI Regulations, 2009 and the Red Herring Prospectus.
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and Prospectus
Anchor Investor Portion	Up to 60% of the QIB Category which may be allocated by the Issuer in consultation with the Book Running Lead Managers, 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 Supported by Blocked Amount/ASBA	An application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB
ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders/Applicants, which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
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
ASBA Bidder	All Bidders/Applicants except Anchor Investors
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) for Anchor Investors may be opened, and as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Bidders/Applicants under the Issue
Bid	An indication to make an offer during the Bid/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 Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder 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 Anchor Investor Application Form or the ASBA Form, as the context requires
Bid/Issue Closing Date	Except in the case of Anchor Investors (if applicable), the date after which the Designated Intermediaries may not accept any Bids for the 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. Bidders/Applicants may refer to the RHP/Prospectus for the Bid/Issue Closing Date

Term	Description
Bid/Issue Opening Date	The date on which the Designated Intermediaries may start accepting Bids for the Issue, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Bidders/Applicants 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 ASBA Bidders/Applicants 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 Regulations, 2009. Bidders/Applicants may refer to the RHP/Prospectus for the Bid/Issue Period
Bidder/Applicant	Any prospective investor who makes a Bid/Application pursuant to the terms of the RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/Applicants should be construed to mean an Applicant
Book Built Process/Book Building Process/Book Building Method	The book building process as provided under SEBI Regulations, 2009, in terms of which the Issue is being made
Broker Centers	Broker centers notified by the Stock Exchanges, where Bidders/Applicants can submit the ASBA Forms to a Registered Broker. The details of such broker centers, 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 Saturday (except 2nd and 4th Saturday of a month and public holidays)
CAN/Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bid/Issue Period.
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
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDPs	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
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 RIBs, 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’s address, name of the Applicant’s father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by Bidders/Applicants (excluding Anchor Investors) and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms to Collecting Depository Participants. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Date	The date on which funds are transferred by the Escrow Collection Bank(s) from the Escrow Account and 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 in the Fresh Issue may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale
Designated Intermediaries	Syndicate, sub-syndicate/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorized to collect ASBA Forms from the ASBA Bidders, in relation to the Issue
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)

Term	Description
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 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 SEBI 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 promoters. 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 Anchor Investors may transfer money through NACH/NEFT/RTGS/direct credit 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 Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts from Anchor Investors and where applicable, remitting refunds of the amounts collected to the Anchor Investors on the terms and conditions thereof
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
Fixed Price Issue/Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under SEBI 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
Issue Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted to Bidders other than Anchor Investors, in terms of the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Issue Price The Issue Price may be decided by the Issuer in consultation with the Book Running Lead Manager(s)
Issuer/Bank	The Issuer proposing the initial public offering/further public offering as applicable
Maximum RIB Allottees	The maximum number of RIBs who can be Allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot.
MICR	Magnetic Ink Character Recognition – nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/Prospectus and Bid cum Application Form
NACH	National Automated Clearing House
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 Bidders or NIBs	All Bidders/Applicants registered with SEBI which are foreign corporates or foreign individuals and FPIs which are Category III foreign portfolio investors, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Category	The portion of the Issue being such number of Equity Shares available for allocation to NIBs on a proportionate basis and as disclosed in the RHP/Prospectus and the Bid cum Application Form

Term	Description
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FPIs and FVCIs registered with SEBI
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the Selling Shareholder
Other Investors	Investors other than Retail Individual Bidders in a Fixed Price Issue. These include individual applicants other than Retail Individual Bidders 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 26 of the Companies Act, 2013 after the Pricing Date, containing the Issue Price, the size of the Issue and certain other information
Public Issue Account	A bank account opened with the Banker to the Issue to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date
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 SEBI 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 to Anchor Investors, if any, of the whole or part of the Bid Amount may be made
Refund Bank(s)	Refund bank(s) as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate
Registrar to the Issue/RTO	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 such category of eligible Bidders/Applicants as provided under the SEBI Regulations, 2009
Retail Individual Bidders/RIBs	Investors who applies or bids for a value of not more than ₹ 200,000
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than ₹ 200,000.
Retail Category	The portion of the Issue being such number of Equity Shares available for allocation to RIBs which shall not be less than the minimum Bid Lot, subject to availability in RIB category and the remaining shares to be Allotted on proportionate basis.
Revision Form	The form used by the Bidders in an issue through Book Building Process to modify the quantity of Equity Shares and/or bid price indicated therein in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies

Term	Description
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI 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/cms/sebi_data/attachdocs/1316087201341.html
Specified Locations	Bidding centers where the syndicate shall accept ASBA Forms from Bidders
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 Members
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of ASBA Forms by Syndicate Members
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 trading days of Stock Exchanges, excluding Sundays and holidays for commercial banks in Mumbai.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURTIES

Foreign investment in Indian securities is regulated through the FDI Policy and FEMA. The government bodies responsible for granting foreign investment approvals are the concerned ministries/departments of the Government of India and the RBI. The Union Cabinet has recently approved phasing out the FIPB, as provided in the press release dated May 24, 2017. The DIPP issued the Standard Operating Procedure (SOP) for Processing FDI Proposals on June 29, 2017 (the "**SOP**"). The SOP provides a list of the competent authorities for granting approval for foreign investment for sectors/activities requiring Government approval. For sectors or activities that are currently under automatic route but which required Government approval earlier as per the extant policy during the relevant period, the concerned Administrative Ministry/Department shall act as the competent authority (the "**Competent Authority**") for the grant of post-facto approval for foreign investment. In circumstances where there is a doubt as to which department shall act as the Competent Authority, DIPP shall identify the Competent Authority.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases. The DIPP, issued the FDI Policy by way of circular no D/o IPP F. No. 5(1)/2017-FC-1 dated the August 28, 2017, which with effect from August 28, 2017, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on August 28, 2017. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore, the FDI Policy will be valid until the DIPP issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

As per the existing policy of the Government, OCBs cannot participate in this Offer.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and applicable laws of the jurisdictions where such offers and sales are made.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders, and the Book Running Lead Manages are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. Pursuant to Schedule I of the Companies Act, 2013 and the SEBI Regulations, the main provisions of the Articles of Association of our Company are detailed below.

Share Capital

Article 5 provides that "The authorised share capital of the Company shall be such amount, divided into such class(es) denomination(s) and number of shares in the Company as stated in Clause V of the Memorandum of Association, with power to increase or reduce such capital from time to time and power to divide the shares in the capital for the time being into other classes and to attach thereto respectively such preferential, convertible, deferred, qualified, or other special rights, privileges, conditions or restrictions and to vary, modify or abrogate the same in such manner as may be determined by or in accordance with the Articles of the Company or the provisions of applicable law for the time being in force."

Article 6 provides that "Except so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise."

Article 9 provides that "The Board of Directors may issue and allot shares of the Company as payment or part payment for any property purchased by the Company or in respect of goods sold or transferred or machinery or appliances supplied or for services rendered to the Company in or about the formation of the Company or the acquisition and/or in the conduct of its business; and any shares which may be so allotted may be issued as fully / partly paid up shares and if so issued shall be deemed as fully / partly paid up shares."

Sub-Division, Consolidation and Cancellation of Share Certificate

Article 10 provides that "Subject to the provisions of the Act, the Company in its General Meetings may, by an Ordinary Resolution, from time to time:

(a) increase the share capital by such sum, to be divided into shares of such amount as it thinks expedient;

(b) divide, sub-divide or consolidate its shares, or any of them, and the resolution whereby any share is sub-divided, may determine that as between the holders of the shares resulting from such sub-division one or more of such shares have some preference or special advantage in relation to dividend, capital or otherwise as compared with the others;

(c) cancel shares which at the date of such General Meeting have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled;

(d) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; provided that any consolidation and division which results in changes in the voting percentage of Members shall require applicable approvals under the Act; and

(e) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination."

Commission for placing shares, debentures, etc.

Article 25 provides that:

(a) "Subject to the provisions of the Act and other applicable laws, the Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) to any shares or debentures of the Company or underwriting or procuring or agreeing to procure subscriptions (whether absolute or conditional) for shares or debentures of the Company and provisions of the Act shall apply.

(b) The Company may also, in any issue, pay such brokerage as may be lawful.

(c) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other."

Calls on shares

Article 34 provides that "The Board may subject to the provisions of the Act and any other applicable law, from time to time, make such call as it thinks fit upon the Members in respect of all moneys unpaid on the shares (whether on account of the nominal value of the shares or by premium) and not by the conditions of allotment thereof made payable at fixed times. Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call. A call may be revoked or postponed at the discretion of the Board. The power to call on shares shall not be delegated to any other person except with the approval of the shareholders in a General Meeting"

Article 35 provides that "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.

The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call in respect of one or more Members as the Board may deem appropriate in any circumstances."

Article 36 provides that "The Board of Directors may, when making a call by resolution, determine the date on which such call shall be deemed to have been made, not being earlier than the date of resolution making such call, and thereupon the call shall be deemed to have been made on the date so determined and if no such date is so determined a call shall be deemed to have been made at the date when the resolution authorizing such call was passed at the meeting of the Board and may be required to be paid in instalments."

Forfeiture of shares

Article 43 provides that "If a Member fails to pay any call, or instalment of a call or any money due in respect of any share, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on him requiring payment of so much of the call or instalment or other money as is unpaid, together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of non-payment."

Article 44 provides that "The notice aforesaid shall:

(a) name a further day (not being earlier than the expiry of fourteen days from the date of services of the notice) on or before which the payment required by the notice is to be made; and

(b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect."

Article 45 provides that "Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the forfeiture of such shares as herein provided. There shall be no forfeiture of unclaimed dividends before the claim becomes barred by applicable law."

Transfer and transmission of shares

Article 58 provides that "The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any shares. The Company shall use a common form of transfer."

Article 59 provides that "In respect of any transfer of shares registered in accordance with the provisions of these Articles, the Board may, at its discretion, direct an endorsement of the transfer and the name of the transferee and other particulars on the existing share certificate and authorize any Director or Officer of the Company to authenticate such endorsement on behalf of the Company or direct the issue of a fresh share certificate, in lieu of and in cancellation of the existing certificate in the name of the transferee."

Article 60 provides that:

(a) "The instrument of transfer of any share shall be in writing and all the provisions of the Act, and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof. The Company shall use the form of transfer, as prescribed under the Act, in all cases. In case of transfer of shares, where the Company has not issued any certificates and where the shares are held in dematerialized form, the provisions of the Depositories Act, 1996 shall apply.

(b) The Board may decline to recognize any instrument of transfer unless-

(i) the instrument of transfer is in the form prescribed under the Act;

(ii) the instrument of transfer is accompanied by the certificate of 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

(iii) the instrument of transfer is in respect of only one class of shares.

(c) No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document."

Article 67 provides that "Subject to the provisions of the Act and these Articles, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any Members, or by any lawful means other than by a transfer in accordance with these Articles, may with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence as the Board thinks sufficient, that he sustains the character in respect of which he proposes to act under this Article, or of his title, elect to either be registered himself as holder of the shares or elect to have some person nominated by him and approved by the Board, registered as such holder or to make such transfer of the share as the deceased or insolvent member could have made. 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. Provided, nevertheless, if such person shall elect to have his nominee registered, he shall testify that election by executing in favour of his nominee an instrument of transfer in accordance with the provision herein contained and until he does so he shall not be freed from any liability in respect of the shares. Further, all limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfer 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."

Article 68 provides that "A person becoming entitled to a share by transmission shall, reason of the death or insolvency of the holder shall, subject to the Directors' right to retain such dividends or money, 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 a 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 (90) days, the Board may thereafter withhold payment of all dividends, bonus or other moneys payable in respect of such share, until the requirements of notice have been complied with."

Article 71 provides that "The provisions of these Articles, shall, *mutatis mutandis*, apply to the transfer of or the transmission by law of the right to any securities including, debentures of the Company."

Alteration of capital

Article 72 provides that "The Company may issue share warrants subject to, and in accordance with provisions of the Act. The Board may, in its discretion, with respect to any share which is fully paid up on application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the Board may from time to time require as to the identity of the person signing the application, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require having been paid, issue a warrant."

Article 75 provides that "The Company may, by resolution as prescribed by the Act, reduce in any manner and in accordance with the provisions of the Act—

(a) its share capital; and / or

(b) any capital redemption reserve account; and / or

(c) any share premium account

and in particular without prejudice to the generality of the foregoing power may be: (i) extinguishing or reducing the liability on any of its shares in respect of share capital not paid up; (ii) either with or without extinguishing or reducing liability on any of its shares, cancel paid up share capital which is lost or is unrepresented by available assets; or (ii) either with or without extinguishing or reducing liability on any of its shares, pay off any paid up share capital which is in excess of the wants of the Company; and may, if and so far as is necessary, alter its Memorandum, by reducing the amount of its share capital and of its shares accordingly."

Article 77 provides that "Notwithstanding anything contained in these Articles, but subject to all 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."

BORROWING POWERS

Article 129 provides that:

(a) "Subject to the provisions of the Act and these Articles, the Board may from time to time at their discretion raise or borrow or secure the payment of any such sum of money for the purpose of the Company, in such manner and upon such terms and conditions in all respects as they think fit, and in particular, by promissory notes or by receiving deposits and advances with or without security or by the issue of bonds, debentures, perpetual or otherwise, including debentures convertible into shares of this Company or any other company or perpetual annuities and to secure any such money so borrowed, raised or received, mortgage, pledge or charge the whole or any part of the property, assets or revenue of the Company present or future, including its uncalled capital by special assignment or otherwise or to transfer or convey the same absolutely or in trust and to give the lenders powers of sale and other powers as may be expedient and to purchase, redeem or pay off any such securities; provided however, that the moneys to be borrowed, together with the money already borrowed by the Company apart from temporary loans obtained from the Company's bankers in the ordinary course of business shall not, without the sanction of the Company by a Special Resolution at a General Meeting, exceed the aggregate of the paid up capital of the Company and its free reserves. Provided that every Special Resolution passed by the Company in General Meeting in relation to the exercise of the power to borrow shall specify the total amount up to which moneys may be borrowed by the Board of Directors.

(b) The Directors may by resolution at a meeting of the Board delegate the above power to borrow money otherwise than on debentures to a committee of Directors or managing Director or to any other person permitted by applicable law, if any, within the limits prescribed.

(c) To the extent permitted under the applicable law and subject to compliance with the requirements thereof, the Directors shall be empowered to grant loans to such entities at such terms as they may deem to be appropriate and he same shall be in the interests of the Company.

(d) Any bonds, debentures, debenture-stock or other securities may if permissible in applicable law be issued at a discount, premium or otherwise by the Company and shall with the consent of the Board be issued upon such terms and conditions and in such manner and for such consideration as the Board shall consider to be for the benefit of the Company, and on the condition that they or any part of them may be convertible into equity shares of any denomination, and with any privileges and conditions as to the redemption, surrender, allotment of shares, attending (but not voting) in the General Meeting, appointment of Directors or otherwise. Provided that debentures with rights to allotment of or conversion into equity shares shall not be issued except with, the sanction of the Company in General Meeting accorded by a Special Resolution."

GENERAL MEETINGS

Article 78 provides that:

(a) "The Company shall in each year hold a General Meeting as its AGM in addition to any other meeting in that year.

(b) An AGM of the Company shall be held in accordance with the provisions of the Act."

Article 79 provides that: "All General Meetings other than the AGM shall be called "Extraordinary General Meeting". Provided that, the Board may, whenever it thinks fit, call an extraordinary general meeting."

Article 80 provides that: "The Board shall on, the requisition of Members convene an Extraordinary General Meeting of the Company in the circumstances and in the manner provided under the Act."

VOTE OF MEMBERS

Article 94 provides that:

"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 holding equity shares and present in person shall have one vote.

(b) On a poll, every Member holding equity shares therein shall have voting rights in proportion to his share in the paid up equity share capital.

(c) A Member may exercise his vote at a meeting by electronic means in accordance with the Act and shall vote only once."

Article 95 provides that "In case of joint holders the vote of first named of such joint holders in the Register of Members who tender a vote whether in person or by proxy shall be accepted, to the exclusion of the votes of other joint holders."

Proxies

Article 98 provides that "Any Member entitled to attend and vote at a General Meeting may do so either personally or through his constituted attorney or through another person as a proxy on his behalf, for that meeting."

Directors

Article 102 provides that "Unless otherwise determined by General Meeting, the number of Directors shall not be less than three (3) and not more than fifteen (15), and at least one (1) Director shall be resident of India in the previous year.

Provided that the Company may appoint more than fifteen (15) directors after passing a Special Resolution.

Article 111 provides that "At the AGM of the Company to be held in every year, one third of such of the Directors as are liable to retire by rotation for time being, or, if their number is not three or a multiple of three then the number nearest to one third shall retire from office, and they will be eligible for re-election. Provided nevertheless that the managing Director appointed, Independent Directors or the Directors appointed as a debenture director under Articles hereto shall not retire by rotation under this Article nor shall they be included in calculating the total number of Directors of whom one third shall retire from office under this Article."

Article 112 provides that "A retiring Director shall be eligible for re-election and the Company, at the AGM at which a Director retires in the manner aforesaid may fill up the vacated office by electing a person thereto."

Proceedings of Board of Directors

Article 117 provides that:

(a) "The Board of Directors shall meet at least once in every three (3) months with a maximum gap of four 120 days between two (2) meetings of the Board for the dispatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit in accordance with the Act, provided that at least four (4) such meetings shall be held in every year. Place of meetings of the Board shall be at a location determined by the Board at its previous meeting, or if no such determination is made, then as determined by the chairman of the Board.

(b) The chairman may, at any time, and the secretary or such other Officer of the Company as may be authorised in this behalf on the requisition of Director shall at any time summon a meeting of the Board. Notice of at least seven (7) days in writing of every meeting of the Board shall be given to every Director and every alternate Director at his usual address whether in India or abroad, provided always that a meeting may be convened by a shorter notice in accordance with the provisions of the Act.

(c) The notice of each meeting of the Board shall include (i) the time for the proposed meeting; (ii) the venue for the proposed meeting; and (iii) an agenda setting out the business proposed to be transacted at the meeting.

(d) To the extent permissible by applicable law, the Directors may participate in a meeting of the Board or any committee thereof, through electronic mode, that is, by way of video conferencing i.e., audio visual electronic communication facility. The notice of the meeting must inform the Directors regarding the availability of participation through video conferencing. Any Director participating in a meeting through the use of video conferencing shall be counted for the purpose of quorum."

Article 122 provides that:

(a) "The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act or any other applicable law, or by the Memorandum or by the Articles required to be exercised by the Company in a General Meeting, subject nevertheless to these Articles, to the provisions of the Act or any other applicable law and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in a General Meeting; but no regulation made by the Company in a General meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

(b) All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case maybe, by such person and in such manner as the Board shall from time to time by resolution determine."

CAPITALISATION OF PROFITS

Article 148 provides that:

(a) "The Company in General Meeting, may, on 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 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 the sub-clause (b) amongst the Members who would have been entitled thereto if distributed by way of dividend and in the same proportion.

(b) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in sub-clause (c) below, either in or towards:

    (i) paying up any amounts for the time being unpaid on shares held by such Members respectively;

(ii) paying up in full, unissued share of the Company to be allotted and distributed, credited as fully paid up, to and amongst such Members in the proportions aforesaid; or

(iii) partly in the way specified in sub-clause (i) and partly that specified in sub -clause (ii).

(iv) A securities premium account and a capital redemption reserve account or any other permissible reserve account may be applied as permitted under the Act 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 these Articles."

Winding up

Article 159 provides that "Subject to the applicable provisions of the Act–

(a) If the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Act, divide amongst the 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.

(b) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members.

(c) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

(d) Any person who is or has been a Director or manager, whose liability is unlimited under the Act, shall, in addition to his liability, if any, to contribute as an ordinary member, be liable to make a further contribution as if he were at the commencement of winding up, a member of an unlimited company, in accordance with the provisions of the Act."

Indemnity

Article 161 provides that "Subject to the provisions of the Act, every Director and Officer of the Company shall be indemnified by the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the tribunal. Provided, however, that such indemnification shall not apply in respect of any cost or loss or expenses to the extent it is finally judicially determined to have resulted from the negligence, wilful misconduct or bad faith acts or omissions of such Director."

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of the Red Herring Prospectus) which are or may be deemed material will be attached to the copy of the Red Herring Prospectus which will be delivered to the RoC for registration. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 A.M. and 5 P.M. on all Working Days from the date of the Red Herring Prospectus until the Bid/Offer Closing Date.

A. Material Contracts for the Offer

1. Offer Agreement dated August 20, 2018 between our Company, the Selling Shareholders, and the Book Running Lead Managers.

2. Registrar Agreement dated August 20, 2018 between our Company, the Selling Shareholders and the Registrar to the Offer.

3. Cash Escrow Agreement dated [●], 2018 between our Company, the Selling Shareholders, the Registrar to the Offer, the Book Running Lead Managers, and the Bankers to the Offer.

4. Share Escrow Agreement dated [●], 2018 between our Company, the Selling Shareholders and the Share Escrow Agent.

5. Syndicate Agreement dated [●], 2018 between our Company, the Selling Shareholders, the Book Running Lead Managers and the Syndicate Members.

6. Underwriting Agreement dated [●], 2018 between our Company, the Selling Shareholders and the Underwriters.

7. Monitoring Agency Agreement dated [●], 2018 between our Company and [●].

B. Material Documents

1. Certified copies of the Memorandum of Association and Articles of Association of our Company as amended from time to time.

2. Certificates of incorporation dated March 4, 1986 and fresh certificate of incorporation dated September 18, 2001.

3. Resolution passed by the Board of Directors in relation to the Offer and other related matters dated June 25, 2018.

4. Resolution passed by our Shareholders in relation to the Fresh Issue and other related matters dated June 27, 2018.

5. Resolutions passed by our Shareholders in relation to the remuneration payable to our Whole Time Directors dated July 24, 2017.

6. Approval of the Selling Shareholders in relation to the Offer for Sale for the Offered Shares dated August 20, 2018.

7. Copies of the annual reports of our Company for the Fiscals 2018, 2017, 2016, 2015 and 2014.

8. Scheme of amalgamation of Rollers and Retainers Private Limited and Harsha Components Private Limited, with our Company, sanctioned by the High Court of Gujarat, pursuant an order dated October 21, 1997 and effective on April 1, 2016.

9. The examination report of the Statutory Auditors dated August 10, 2018 in relation to our Company's Restated Consolidated Financial Statements and Restated Standalone Financial Statements, respectively.

10. The Statement of possible special tax benefits dated August 10, 2018 from the Statutory Auditors.

11. Consent dated August 20, 2018, from the Statutory Auditors, to include their name in this Draft Red Herring Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013, in respect of the reports of the Statutory Auditors on the Restated Consolidated Financial Statements and Restated Standalone Financial Statements, dated August 10 and the statement of possible special tax benefits dated August 10,

2018, included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

12. Letters of consent from our Directors, our Company Secretary and Compliance Officer, Chief Financial Officer, Legal Counsel to our Company, Legal Counsel to the Book Running Lead Managers, the Book Running Lead Managers, the Bankers to our Company, Bankers to the Offer, Syndicate Members, Share Escrow Agent and the Registrar to the Offer, as referred to in their specific capacities.

13. Copy of the reports titled "Metal Stamping Market – Global Insights, Growth Size, Comparative Analysis, Trends and Forecast, 2018 – 2026" and "Bearing Cages Market – Global Insights, Growth, Size, Comparative Analysis, Trends and Forecasts, 2018-2026", both prepared by Research N Reports and consent letter dated August 17, 2018 issued by Absolut Markets Insights in respect of such reports.

14. Due diligence certificate dated August 20, 2018 addressed to SEBI from the Book Running Lead Managers.

15. In-principle listing approvals dated [●] and [●] issued by BSE and NSE, respectively.

16. Tripartite agreement dated May 14, 2018 between our Company, NSDL and the Registrar to the Offer.

17. Tripartite agreement dated May 8, 2018 between our Company, CDSL and the Registrar to the Offer.

18. SEBI observation letter no. [●], dated [●].

Any of the contracts or documents mentioned in the 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, subject to compliance with the provisions contained in the Companies Act and other applicable laws.

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act, and the rules, regulations and guidelines issued by the Government or the rules, regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SEBI Act or rules or regulations made thereunder or guidelines issued, as the case may be. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS OF OUR COMPANY

Jitendra Ujamsi Mamtora
(Independent Director and Chairman)

Rajendra Shantilal Shah
(Whole Time Director and Chief Executive Officer)

Harish Ranjit Rangwala
(Managing Director)

Vishal Rangwala
(Whole Time Director and Chief Operating Officer)

Pilak Rajendra Shah
(Whole Time Director and Chief Financial Officer)

Munjal Rangwala
(Non-Executive Director)

Ambar Jayantilal Patel
(Additional Independent Director)

Neharika Vohra
(Additional Independent Director)

Kunal Dilipbhai Shah
(Additional Independent Director)

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

Pilak Rajendra Shah

(Whole Time Director and Chief Financial Officer)

Place: Ahmedabad

Date: August 20, 2018

DECLARATION

Rajendra Shantilal Shah confirms and certifies that all statements and undertakings made or confirmed by him in this Draft Red Herring Prospectus in relation to himself as a selling shareholder and the Equity Shares offered by him as part of the Offer for Sale, are true and correct. Rajendra Shantilal Shah assumes no responsibility for any other statement including statements made or confirmed by our Company or any other person(s) in this Draft Red Herring Prospectus.

Name: Rajendra Shantilal Shah
Place: Ahmedabad
Date: August 20, 2018

DECLARATION

Harish Ranjit Rangwala confirms and certifies that all statements and undertakings made or confirmed by him in this Draft Red Herring Prospectus in relation to himself as a selling shareholder and the Equity Shares offered by him as part of the Offer for Sale, are true and correct. Harish Ranjit Rangwala assumes no responsibility for any other statement including statements made or confirmed by our Company or any other person(s) in this Draft Red Herring Prospectus.

Name: Harish Ranjit Rangwala
Place: Ahmedabad
Date: August 20, 2018

DECLARATION

Nirmala Rajendra Shah confirms and certifies that all statements and undertakings made or confirmed by her in this Draft Red Herring Prospectus in relation to herself as a selling shareholder and the Equity Shares offered by her as part of the Offer for Sale, are true and correct. Nirmala Rajendra Shah assumes no responsibility for any other statement including statements made or confirmed by our Company or any other person(s) in this Draft Red Herring Prospectus.

Name: Nirmala Rajendra Shah
Place: Ahmedabad
Date: August 20, 2018

DECLARATION

Charusheela Harish Rangwala confirms and certifies that all statements and undertakings made or confirmed by her in this Draft Red Herring Prospectus in relation to herself as a selling shareholder and the Equity Shares offered by her as part of the Offer for Sale, are true and correct. Charusheela Harish Rangwala assumes no responsibility for any other statement including statements made or confirmed by our Company or any other person(s) in this Draft Red Herring Prospectus.

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Name: Charusheela Harish Rangwala
Place: Ahmedabad
Date: August 20, 2018