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CRAFTSMAN AUTOMATION LIMITED

Our Company was incorporated as "Craftsman Automation Private Limited" on July 18, 1986, as a private limited company under the Companies Act 1956, pursuant to a certificate of incorporation granted by the Registrar of Companies, Chennai, Tamil Nadu. Pursuant to the conversion of our Company to a public limited company and as approved by the Shareholders pursuant to a resolution dated April 30, 2018, the name of our Company was changed to "Craftsman Automation Limited" and the Registrar of Companies, Coimbatore, Tamil Nadu ("RoC") issued a fresh certificate of incorporation dated May 4, 2018. For further information on changes in name and registered office of our Company, see "*History and Certain Corporate Matters*" on page 194 of the Red Herring Prospectus dated March 5, 2021 ("RHP").

Registered and Corporate Office: Senthel Towers, IV Floor, 1078, Avanashi Road, Coimbatore 641 018, Tamil Nadu, India; **Tel:** (91 422) 716 5000; **Contact Person:** Shainshad Aduvanni, Company Secretary and Compliance Officer; **Tel:** (91 422) 716 5000; **E-mail:** investor@craftsmanautomation.com; **Website:** www.craftsmanautomation.com; **Corporate Identity Number:** U28991TZ1986PLC001816.

OUR PROMOTER: SRINIVASAN RAVI

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 5 EACH (THE "EQUITY SHARES") OF CRAFTSMAN AUTOMATION LIMITED (OUR "COMPANY" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) (THE "OFFER PRICE") AGGREGATING UP TO ₹ [●] MILLION (THE "OFFER") COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 1,500.00 MILLION BY OUR COMPANY (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 4,521,450 EQUITY SHARES COMPRISING UP TO 130,640 EQUITY SHARES BY SRINIVASAN RAVI (THE "PROMOTER SELLING SHAREHOLDER"), UP TO 1,559,260 EQUITY SHARES BY MARINA III (SINGAPORE) PTE LIMITED ("MARINA") AND UP TO 1,414,050 EQUITY SHARES BY INTERNATIONAL FINANCE CORPORATION ("IFC") (MARINA, TOGETHER WITH IFC, THE "INVESTOR SELLING SHAREHOLDERS"), AND UP TO 1,417,500 EQUITY SHARES BY K. GOMATHESWARAN (THE "INDIVIDUAL SELLING SHAREHOLDER") (THE PROMOTER SELLING SHAREHOLDER, THE INVESTOR SELLING SHAREHOLDERS AND THE INDIVIDUAL SELLING SHAREHOLDER, TOGETHER, THE "SELLING SHAREHOLDERS" AND SUCH EQUITY SHARES OFFERED BY THE SELLING SHAREHOLDERS, THE "OFFERED SHARES") AGGREGATING UP TO ₹ [●] MILLION (THE "OFFER FOR SALE").

Non-Institutional Portion: Not less than 15% of the Offer

Retail Portion: Not less than 35% of the Offer

QIB Portion: Not more than 50% of the Offer (including Anchor Investor Portion)

Price Band: ₹ 1,488 to ₹ 1,490 per Equity Share of face value of ₹ 5 each.

The Floor Price is 297.60 times the face value and the Cap Price is 298.00 times the face value of the Equity Shares.

Bids can be made for a minimum of 10 Equity Shares and in multiples of 10 Equity Shares thereafter.

ASBA[#]

Simple, Safe, Smart way of Application!!!

[#] Applications supported by blocked amount (ASBA) is a better way of applying to issues by simply blocking the fund in the bank account. For further details, check section on ASBA below.

Mandatory in public issues. No cheque will be accepted.



UPI-Now available in ASBA for Retail Individual Investors ("RILs") applying through Registered Brokers, DPs and RTAs. RILs also have the option to submit the application directly to the ASBA Bank (SCSBs) or to use the facility of linked online trading, demat and bank account.

Investors are required to ensure that the bank account used for bidding is linked to their PAN.

ASBA will be available by all the investors except anchor investors. UPI may be available by Retail Individual Investors. For details on the ASBA and UPI process, please refer to the details given in ASBA form and abridged prospectus and also please refer to the section "*Offer Procedure*" on page 350 of the RHP. The process is also available on the website of Association of Investment Bankers of India ("AIBI"), Stock Exchanges and in the General Information Document. ASBA bid-cum-application forms can be downloaded from the websites of BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"), and together with BSE, the "Stock Exchanges") and can be obtained from the list of banks that is displayed on the website of Securities and Exchange Board of India ("SEBI") at www.sebi.gov.in. List of banks supporting UPI is also available on the website of www.sebi.gov.in. HDFC Bank Limited has been appointed as Sponsor Bank for the Offer, in accordance with the requirements of the SEBI Circular dated November 1, 2018 as amended. For issue related grievance, investors may contact: Axis Capital Limited - Mr. Sagar Jatakiya (91 22) 4325 2183 (cal.ip@axiscap.in) or IIFL Securities Limited - Mr. Aditya Agarwal / Mr. Shubham Tantiya (91 22) 4646 4600 (craftsman.ip@iiflcap.com); For UPI related queries, investors can contact NPCI at the toll free number: 18001201740.

Risks to Investors

- The two Book Running Lead Managers associated with the Offer have handled 21 public issues in the past three years out of which 8 closed below the issue price on listing date.
- The Offer Price at the upper end of the Price Band is at ₹ 1,490 per Equity Share.
- Average Cost of acquisition of Equity Shares by the Selling Shareholders ranges from ₹ 1.06 per Equity Share to ₹ 469.88 per Equity Share.
- Weighted Average Return on Net Worth for Fiscals 2020, 2019 and 2018 is 9.24%.

Basis for the Issue Price

The Offer Price will be determined by our Company and the Investor Selling Shareholders, in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of qualitative and quantitative factors as described below. The face value of the Equity Shares is ₹ 5 and the Offer Price is 297.60 times the face value at the lower end of the Price Band and 298.00 times the face value at the higher end of the Price Band. Investors should also refer to "*Risk Factors*", "*Business*" and "*Financial Statements*" on pages 22, 168 and 225 of the RHP, respectively, to have an informed view before making an investment decision.

Qualitative Factors: Some of the qualitative factors which form the basis for the Offer Price are: 1. Diversified engineering company with a focus on providing comprehensive solutions and manufacturing high quality, intricate and critical products, components and parts. 2. Strong in-house process and product design capabilities with the ability to interchange capacity and product mix. 3. Long term and well established relationships with marquee domestic and global OEMs. 4. Extensive manufacturing footprint, with strategically located manufacturing facilities. 5. Experienced management team supported by motivated and skilled work force. 6. Robust financial performance in challenging business environment. For further information, see "*Business - Strengths*" on page 171 of the RHP.

Quantitative Factors: Some of the information presented in this chapter is derived from the Restated Financial Information. For further information, see "*Financial Information*" on page 225 of the RHP. Some of the quantitative factors which may form the basis for computing the Offer Price are as follows:

1. Basic and Diluted Earnings per Share

Fiscal / period ended	Basic EPS**	(₹) Diluted EPS**	(₹) Weight
March 31, 2020	20.41	20.41	3
March 31, 2019	48.39	48.39	2
March 31, 2018	15.67	15.67	1
Weighted Average	28.95	28.95	
December 31, 2020*	25.18	25.18	-

* Not annualized

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

Note : 1. Earnings per share calculations are done in accordance with Ind AS 33 'Earnings per Share' issued by MCA. 2. The face value of each equity share is ₹ 5. 3. Basic Earnings per share = Net profit attributable to equity shareholders/Weighted average number of shares outstanding during the period or Fiscal. 4. Diluted Earnings per share = Net profit attributable to equity shareholders/Weighted average number of Equity Shares outstanding during the period or Fiscal. 5. Weighted average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the Fiscal, adjusted by the number of Equity Shares issued during the Fiscal multiplied by the time-weighting factor. The time-weighting factor is the number of days for which the specific shares are outstanding as a proportion of the total number of days during the Fiscal. 6. Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. (EPS x Weight) for each fiscal/(Total of weights)

2. Price/Earning ("P/E") Ratio in relation to the Price Band of ₹ 1,488 to ₹ 1,490 per Equity Share:

Particulars	P/E at Floor Price (no. of times)	P/E at Cap Price (no. of times)
Based on basic EPS of ₹ 20.41 as per the Restated Financial Information for the year ended March 31, 2020	72.91	73.00
Based on diluted EPS of ₹ 20.41 as per the Restated Financial Information for the year ended March 31, 2020	72.91	73.00

Industry P/E ratio*

Particulars	P/E
Highest	181.89
Lowest	17.40
Average	72.76

*Source: The highest, lowest and average Industry P/E shown above is based on the industry peer set provided below under "Comparison with Industry Peers" on page 88 of the RHP.

3. Return on Net Worth ("RoNW")

Fiscal ended	RoNW (%)	Weight
March 31, 2020	6.19	3
March 31, 2019	15.51	2
March 31, 2018	5.83	1
Weighted Average	9.24	
December 31, 2020*	7.07	-

* Not annualized

Note: 1. Net worth = Paid-up share capital + other equity (excluding revaluation reserves). 2. Return on net worth (%) = Net profit attributable to equity shareholders/Net worth at the end of the year/period. 3. Weighted average RoNW is aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. (RoNW x weight) for each year/(Total of weights).

4. Net Asset Value ("NAV")

Net Asset Value per Equity Share	(₹)
As on December 31, 2020	355.93
After the Offer	
- At the Floor Price	409.93
- At the Cap Price	409.96
Offer Price	[●]

Notes: 1. Net worth = Paid-up share capital + Other Equity (excluding revaluation reserves). 2. Restated net asset value per equity share (₹) = Net worth as at the end of the period or Fiscal/Total number of equity shares outstanding at the end of the period or Fiscal. 3. Issue Price per Equity Share will be determined on conclusion of the Book Building Process.

6. Comparison with Listed Industry Peers

Following is the comparison with our peer group companies listed in India and in the same line of business as our Company:

S. No.	Name of the company	Consolidated	Face value (₹ per share)	Closing price on February 5, 2021 (₹)	Total Revenue (in ₹ million)	EPS (₹)		NAV ⁽¹⁾ (₹ per share)	P/E ⁽⁴⁾	RoNW ⁽⁵⁾ (%)
						Basic	Diluted			
1	Company ²	Consolidated	5	-	14,924.65	20.41	20.41	329.73	-	6.19%
PEER GROUP										
2	Bharat Forge Limited*	Consolidated	2	617.90	80,558.44	7.51	7.51	112.80	82.28	6.65%
3	Endurance Technologie s Limited*	Consolidated	10	1469.00	69,177.07	40.2	40.2	213.71	36.54	18.81%
4	Jamna Auto Industries Limited*	Consolidated	1	70.50	11,289.51	1.2	1.2	12.97	58.75	9.27%
5	Mahindra CIE Automotive Limited*	Consolidated	10	162.35	79,078	9.34	9.33	122.26	17.40	7.64%
6	Minda Industries Limited*	Consolidated	2	551.90	54,651.40	5.91	5.91	80.03	93.38	8.94%
7	Sundram Fasteners Limited*	Consolidated	1	604.55	37,232.30	15.46	2.97	95.39	39.10	16.29%
8	Ramkrishna Forgings Limited*	Consolidated	10	540.20	121,64.72	2.97	15.46	268.28	181.89	1.11%

Note: # Based on Restated Financial Information for the year ended March 31, 2020

* Based on Annual Reports for the year ended March 31, 2020 as submitted to the Stock Exchanges.

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

(2) NAV is computed as the net worth including non-controlling interest at the end of the year divided by the closing outstanding number of equity shares.

(3) P/E Ratio has been computed based on the closing market price of the equity shares (Source: NSE) on February 5, 2021, divided by the diluted EPS provided under Note (1).

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

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

Investors should read the above mentioned information along with "*Risk Factors*", "*Business*" and "*Financial Statements*" on pages 22, 168 and 225 of the RHP, respectively, to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in "*Risk Factors*" or any other factors that may arise in the future and you may lose all or part of your investments.

FOR FURTHER DETAILS, SEE "BASIS FOR ISSUE PRICE" ON BEGINNING PAGE 87 OF THE RHP.

BID/OFFER PERIOD

OPENS ON: MONDAY, MARCH 15, 2021⁽¹⁾ | CLOSES ON: WEDNESDAY, MARCH 17, 2021

⁽¹⁾ Our Company and the Investor Selling Shareholders, in consultation with the BRLMs, may consider participation by Anchor Investors, in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date, i.e. Friday, March 12, 2021.

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. **CONTENTS OF THE MEMORANDUM OF ASSOCIATION OF OUR COMPANY AS REGARDS ITS OBJECTS:** For information on the main objects of our Company, investors are requested to see "*History and Certain Corporate Matters*" on page 194 of the RHP and Clause III of the Memorandum of Association of our Company. The Memorandum of Association of our Company is a material document for inspection in relation to the Offer. For further details, see "*Material Contracts and Documents for Inspection*" on page 438 of the RHP.

LIABILITY OF THE MEMBERS OF OUR COMPANY: Limited by shares.

AMOUNT OF SHARE CAPITAL OF OUR COMPANY AND CAPITAL STRUCTURE: As on the date of the RHP, the authorised share capital of our Company is ₹ 200,000,000 divided into 40,000,000 Equity Shares of ₹ 5 each. The issued, subscribed and paid-up Equity share capital of our Company is ₹ 100,608,000 divided into 20,121,600 Equity Shares of ₹ 5 each. For details, see "*Capital Structure*" on page 71 of the RHP.

NAMES OF SIGNATORIES TO THE MEMORANDUM OF ASSOCIATION OF OUR COMPANY AND THE NUMBER OF EQUITY SHARES SUBSCRIBED BY THEM: Srinivasan Ravi, Ramesh Muthuramalingam and Sridhar Kumarasamy - 101 Equity Shares of face value of ₹ 100 each held by each of them aggregating to 303 equity shares **LISTING :** The Equity Shares issued through this RHP are proposed to be listed on the Stock Exchanges. We have received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated January 4, 2021 and January 5, 2021, respectively. For the purposes of this Offer, BSE is the Designated Stock Exchange. A copy of this RHP and the Prospectus shall be delivered for filing with the RoC in accordance with Section 26(4) of and Section 32 of the Companies Act 2013. For further information on the material contracts and documents available for inspection from the date of this RHP up to the Bid/Offer Closing Date. For further information, see "*Material Contracts and Documents for Inspection*" on page 438 of the RHP.

DISCLAIMER CLAUSE OF THE SEBI: SEBI only gives its observations on the offer documents and this does not constitute approval of either the Issue or the specified securities or the offer document. The investors are advised to refer to page 334 of the RHP for the full text of the Disclaimer Clause of SEBI.

DISCLAIMER CLAUSE OF BSE (DESIGNATED STOCK EXCHANGE) : It is to be distinctly understood that the permission given by BSE should not in any way be deemed or construed that the RHP has been cleared or approved by BSE nor does it certify, warrants or endorses the correctness or completeness of any of the contents of the RHP. The investors are advised to refer to page 336 of the RHP for the full text of the Disclaimer Clause of BSE.

DISCLAIMER CLAUSE OF NSE : It is to be distinctly understood that the permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE nor does it certify the correctness or completeness of any of the contents of the Offer Document. The investors are advised to refer to page 337 of the RHP for the full text of the Disclaimer Clause of NSE.

GENERAL RISKS: Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer including the risks involved. The Equity Shares in the Offer have not been recommended or approved by SEBI, nor does SEBI guarantee the accuracy or adequacy of the contents of this RHP. Specific attention of the investors is invited to "*Risk Factors*" on page 22 of the RHP.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE OFFER	COMPANY SECRETARY AND COMPLIANCE OFFICER
			Shainshad Aduvanni Senthel Towers, IV Floor, 1078, Avanashi Road, Coimbatore 641 018 Tamil Nadu, India, Tel: (91 422) 716 5000 E-mail: investor@craftsmanautomation.com
Axis Capital Limited 1 st Floor, Axis House, C-2, Wadia International Centre, P. B. Marg, Worli, Mumbai - 400 025, Maharashtra, India. Telephone: (91 22) 4325 2183 E-mail: cal.ip@axiscap.in Investor grievance E-mail: complaints@axiscap.in Website: www.axiscapital.co.in Contact Person: Sagar Jatakiya / Akash Aggarwal SEBI Registration No: INM000012029	IIFL Securities Limited 101 Floor, IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel (West), Mumbai - 400 013, Maharashtra, India Telephone: (91 22) 4646 4600 E-mail: craftsman.ip@iiflcap.com Investor Grievance E-mail: ig_ib@iiflcap.com Website: www.iiflcap.com Contact Person: Aditya Agarwal / Shubham Tantiya SEBI Registration No.: INM000010940		

AVAILABILITY OF RHP: Investors are advised to refer to the RHP and the section "*Risk Factors*" on page 22 of the RHP, contained therein before applying in the Offer. Full copy of the RHP will be made available on website of SEBI at www.sebi.gov.in, websites of the BRLMs, i.e. Axis Capital Limited and IIFL Securities Limited at www.axiscapital.co.in and www.iiflcap.com, respectively and websites of BSE and NSE i.e. www.bseindia.com and www.nseindia.com, respectively.

AVAILABILITY OF BID CUM APPLICATION FORMS: Bid-cum-Application Forms can be obtained from the Registered and Corporate Office of our Company, **Craftsman Automation Limited**, **Tel:** (91 422) 716 5000; Book Running Lead Managers: **Axis Capital Limited**, **Tel:** (91 22) 4325 2183 and **IIFL Securities Limited**, **Tel:** (91 22) 4646 4600 and **Syndicate Member:** IIFL Securities Limited, **Tel:** (91 22) 3929 4000/ 4103 5000 and at the select locations of the Sub-syndicate Members, SCSBs, Registered Brokers, RTAs and CDPs participating in the Offer. ASBA Forms will also be available on the websites of BSE and NSE and the Designated Branches of SCSBs, the list of which is available at websites of the Stock Exchanges and SEBI.

Sub-Syndicate Members: Axis Securities Limited, Achievers Equities Limited, Almondz Global Securities Limited, Amrapali Capital & Finance Services Limited, Anand Rathi Share & Stock Brokers Limited, Anand Share Consultancy, ANS Pvt Limited, Ashika Stock Broking Limited, Ashwani Dandia & Co. Bonanza Portfolio Limited, Centrum Broking Limited, Dalal & Broacha Stock Broking Pvt Limited, Edelweiss Broking Limited, G Raj & Co. (Consultants) Limited, Gold Rock Investments, ICICI Securities Limited, IDBI Capital Markets & Securities Limited, Jhaveri Securities, JM Financial Services Limited, Kalpataru Multiplier Limited, Keynote Capitals Limited, Kotak Securities Limited, Lakshmiresh Investment & Securities Pvt Limited, LKP Securities Limited, Marwadi Shares & Finance, Motilal Oswal Financial Services Ltd, Nirmal Bang Securities Pvt Limited, Ohm Securities, Patel Wealth Advisors Pvt Limited, Prabhudas Lilladher Pvt Limited, Pravin Ratilal Share & Stock Brokers Limited, RR Equity Brokers Pvt Limited, SBICap Securities Limited, Sharekhan Limited, SMC Global Securities Ltd, Tanna Financial Services, Urja Investment Pvt Limited, Way2wealth Brokers Pvt Limited, Yes Securities (India) Limited and Zerodha Broking Ltd.

Escrow Collection Bank and Refund Bank: Axis Bank Limited

Public Offer Account Banks: HDFC Bank Limited and Axis Bank Limited

Sponsor Bank: HDFC Bank Limited

UPI: Retail Individual Bidders can also bid through UPI mechanism.

All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to them in the RHP.

Place: Coimbatore

Date: March 8, 2021

Craftsman Automation Limited is proposing, subject to, applicable statutory and regulatory requirements, receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of its Equity Shares and has filed the RHP with SEBI. The RHP shall be available on the websites of SEBI, BSE and NSE at www.sebi.gov.in, www.bseindia.com and www.nseindia.com, respectively, and is available on the websites of the BRLMs i.e. Axis Capital Limited and IIFL Securities Limited at www.axiscapital.co.in and www.iiflcap.com, respectively. Potential investors should note that investment in equity shares involves a high degree of risk and for details relating to the same, see the section titled "*Risk Factors*" on page 22 of the RHP, when available. Potential investors should not rely on the DRHP for any investment decision.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("**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 Securities Act and in accordance with any and applicable U.S. state securities laws. The Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of each jurisdiction where such offers and sales are made. There will be no public offering in the United States.

For Craftsman Automation Limited

For and on behalf of the Board of Directors

Sd/-

Company Secretary and Compliance Officer