



# CARRARO India

## CARRARO INDIA LIMITED



(Please scan the QR code to view the Prospectus)

Our Company was incorporated as "Carraro India Private Limited" on April 11, 1997, as a private limited company under the Companies Act, 1956, at New Delhi, India, pursuant to a certificate of incorporation issued by the Registrar of Companies, NCT of Delhi and Haryana ("RoC Delhi"). Pursuant to an allotment of Equity Shares by our Company and in accordance with the provisions of Section 43A(1) of the Companies Act, 1956, our Board passed a resolution on September 30, 1997, wherein our Board noted that our Company had become a deemed public company, and the name of our Company was changed to "Carraro India Limited" with effect from September 3, 1997, pursuant to a certificate of incorporation endorsed by the RoC Delhi to that effect. Further, pursuant to a resolution passed by our Board dated September 28, 2007 and a special resolution passed by our Shareholders dated September 29, 2007 which was confirmed by an order of the Company Law Board, Northern Region Bench, New Delhi dated July 25, 2008, the registered office of our Company was shifted from the state of Delhi to the state of Maharashtra with effect from July 25, 2008 and a certificate of registration of the order of the Company Law Board for change of state of our registered office was issued by the Registrar of Companies, Maharashtra at Pune ("RoC") on August 14, 2008. Subsequently, pursuant to a resolution passed by our Board dated August 28, 2008 and a special resolution passed by our Shareholders dated September 22, 2008, our Company was re-converted into a private limited company and the name of our Company was changed to "Carraro India Private Limited", and a fresh certificate of incorporation dated March 16, 2009 was issued by the RoC. Subsequently, on the conversion of our Company to a public limited company, pursuant to a resolution passed by our Board on July 3, 2024 and a special resolution passed by our Shareholders on July 4, 2024, the name of our Company was changed to "Carraro India Limited" and a fresh certificate of incorporation dated August 12, 2024 was issued by the RoC. For further details of the changes in the name and the registered office of our Company, see "History and Certain Corporate Matters - Changes in the registered office" on page 246 of the Prospectus dated December 26, 2024 ("Prospectus") filed with the RoC.

Corporate Identity Number: U52609PN1997PLC132629; Registered Office: B2/2 MIDC, Ranjangaon, Pune 412 220, Maharashtra, India; Contact Person: Nakul Shivaji Patil, Company Secretary and Compliance Officer; Tel: +91 2138 662666; E-mail: company\_secretary@carraroindia.com; Website: www.carraroindia.com

### OUR PROMOTERS: TOMASO CARRARO, ENRICO CARRARO, CARRARO S.p.A. AND CARRARO INTERNATIONAL S.E.

Our Company has filed the Prospectus with the RoC, and the Equity Shares are proposed to be listed on the main board of the National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE") and trading will commence on December 30, 2024.

#### BASIS OF ALLOTMENT

INITIAL PUBLIC OFFERING OF 17,755,681 EQUITY SHARES BEARING FACE VALUE OF ₹ 10 EACH (THE "EQUITY SHARES") OF CARRARO INDIA LIMITED (THE "COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF ₹704 PER EQUITY SHARE BEARING FACE VALUE OF ₹ 10 EACH (THE "OFFER PRICE") AGGREGATING TO ₹12,500.00 MILLION (THE "OFFER") COMPRISING AN OFFER FOR SALE OF 17,755,681 EQUITY SHARES BEARING FACE VALUE OF ₹ 10 EACH AGGREGATING TO ₹12,500.00 MILLION BY CARRARO INTERNATIONAL S.E. (THE "PROMOTER SELLING SHAREHOLDER", AND SUCH OFFER FOR SALE, THE "OFFER FOR SALE", AND SUCH EQUITY SHARES BEARING FACE VALUE OF ₹ 10 EACH, THE "OFFERED SHARES"). THE OFFER CONSTITUTES 31.23% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

ANCHOR INVESTOR OFFER PRICE: ₹ 704 PER EQUITY SHARE OF FACE VALUE OF ₹ 10 EACH  
OFFER PRICE: ₹ 704 PER EQUITY SHARE OF FACE VALUE OF ₹ 10 EACH  
THE OFFER PRICE IS 70.40 TIMES OF THE FACE VALUE

#### RISKS TO INVESTORS:

For details, refer to "Risk Factors" on page 25 of the Prospectus.

- 1) **Dependence on Customers:** We are dependent on certain key customers for a significant portion of our revenue. The following table sets forth details of revenue generated and contribution to total revenue from our top five customers and top 10 customers on consolidated customer group basis, which consolidate revenue contribution by customer entities in the same group, for the periods and years indicated:

₹ in millions, except percentages

Particulars	For six months ended September 30,				For Fiscals ended March 31,					
	2024		2023		2024		2023		2022	
Revenue from top five customers on consolidated customer groups basis	6,361.51	69.55%	6,684.71	69.56%	12,409.77	69.37%	12,406.91	72.42%	10,959.99	73.19%
Revenue from top 10 customers on consolidated customer groups basis	8,037.27	87.88%	8,223.41	85.57%	15,276.60	85.39%	14,887.95	86.90%	13,209.33	88.21%

- 2) **Dependence on Carraro Group:** We depend partially on other entities in the Carraro Group for our operations, such as the license of the Carraro brand, customer sourcing, procurement, R&D and general support of our operations. The Carraro Group was our largest customer in the six months ended September 30, 2024 and 2023 and Fiscals 2024, 2023 and 2022. For the six months ended September 30, 2024 and Fiscal 2024, we derived 33.27% and 33.91% of our total revenue from the Carraro Group and have purchased 3.81% and 4.91% of our raw materials from the Carraro Group, respectively. Any disruption in this relationship could have a material adverse impact on our operations.
- 3) **Related party transactions with Carraro Group:** We have entered into and may continue to enter into related party transactions with the Carraro Group, Directors and Key Managerial Personnel. We incurred 33.89% and 34.67% of our total income and 6.70% and 8.63% of our total expenses in transactions with related parties in the six months ended September 30, 2024 and Fiscal 2024, respectively. Such transactions may require significant capital outlay and there can be no assurance that we will be able to make a return on these transactions or investments.
- 4) **Industry Risk -** We are dependent on the performance of the tractor and construction vehicle markets, as our agricultural tractors sector and construction vehicles sector constituted 45.05% and 41.29% of our revenue from product sector only for Fiscal 2024, 49.37% and 38.43% of our revenue for Fiscal 2023 and 50.59% and 36.12% of our revenue for Fiscal 2022, respectively. Any adverse changes in the conditions affecting the tractor or construction vehicles markets can adversely impact our business, financial condition, results of operations, cash flows and prospects.
- 5) **Financial Performance Risk -** Our EBITDA margins and PAT margins were lower than the EBITDA margins and PAT margins of our industry peers in the six months ended September 30, 2024 and September 30, 2023 and Fiscals 2024, 2023 and 2022, as disclosed in this Red Herring Prospectus, and we cannot assure you that we will be able to continue to improve our EBITDA margins and PAT margins in comparison to our competitors or at all.
- 6) **Seasonality Risk:** The sales of our agricultural tractor products are influenced by the cyclicity and seasonality of demand in the countries in which we operate. According to the Markets and Markets Report, in the Indian agricultural market, tractor demand typically peaks between June and November, which is driven by the arrival of the monsoon, the Kharif crop season, preparations for the upcoming rabi planting season, increased harvesting activities, and improved rural cash flow during this period. The demand for our exported products also depends on the cyclicity and seasonality of agricultural tractors in each country.
- 7) **Manufacturing Risk:** We currently manufacture our axles, transmissions and gears at our manufacturing plants in Pune, India. Any disruptions or stoppages at our manufacturing plants could adversely impact our operations, financial condition and results of operations.
- 8) **Revenue Concentration:** We rely on our extensive global customer base of original equipment manufacturers ("OEM") to whom we sell our products in India and across the world. The following table sets forth the geographical breakdown of our revenue (including revenue from ultimate customers which we sourced through Carraro Drive Tech Italia S.p.A.) for the six months ended September 30, 2024 and 2023 and the past three Fiscals:

	For six months ended September 30,				For Fiscals ended March 31,					
	2024		2023		2024		2023		2022	
	Revenue contribution	% of total revenue	Revenue contribution	% of total revenue	Revenue contribution	% of total revenue	Revenue contribution	% of total revenue	Revenue contribution	% of total revenue
(in ₹ million, except otherwise stated)										
India	5,955.68	65.40%	6,110.48	63.91%	11,412.99	64.13%	10,531.12	61.81%	9,419.47	63.20%
Exports <sup>(1)</sup>	3,150.68	34.60%	3,450.89	36.09%	6,384.05	35.87%	6,506.37	38.19%	5,483.61	36.80%
– European Union	3,027.09	33.24%	3,350.11	35.04%	6,164.34	34.64%	5,885.77	34.55%	4,907.91	32.93%
– Asia (excluding India)	90.85	1.00%	42.86	0.45%	142.53	0.80%	104.46	0.61%	119.98	0.81%
– Americas	24.48	0.27%	33.27	0.35%	77.00	0.43%	516.14	3.03%	455.72	3.06%
– Rest of the world	8.26	0.09%	24.65	0.26%	0.18	0.00%	0.00	0.00%	0.00	0.00%

Note:

- (1) We export directly to some customers in Asia (excluding India) and indirectly to some customers in Asia (excluding India) and customers outside of Asia through Carraro Drive Tech Italia S.p.A.

- 9) Weighted average cost of acquisition of all shares transacted in the last one year, eighteen months and three years preceding the date of the Red Herring Prospectus:

Period	Weighted Average Cost of Acquisition (in ₹)*	Cap Price is 'X' times the Weighted Average Cost of Acquisition	Range of acquisition price: Lowest Price – Highest Price (in ₹)*
Last one year	10	70.40	10-10
Last eighteen months	10	70.40	10-10
Last three years	10	70.40	10

\*As certified by J.C. Bhalla & Co., Chartered Accountants, by way of their certificate dated December 26, 2024.

- 10) The book running lead managers ("BRLMs") have handled 61 public offers in the past three Financial Years, out of which 16 offers have closed below the offer price on the listing date:

Name of BRLM	Total Public Issues	Issues Closed below Offer Price
Axis Capital Limited	40	11
BNP Paribas	2	NIL
Nuvama Wealth Management Limited	14	5
Common Issues by BRLM	5	0
<b>Total</b>	<b>61</b>	<b>16</b>

#### BID/OFFER PERIOD

ANCHOR INVESTOR BIDDING DATE OPENED AND CLOSED ON THURSDAY, DECEMBER 19, 2024

BID/ OFFER OPENED ON FRIDAY, DECEMBER 20, 2024 | BID/ OFFER CLOSED ON TUESDAY, DECEMBER 24, 2024

The Offer was made in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended (the "SCRR"), read with Regulation 31 of the SEBI ICDR Regulations. The Offer was made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the Offer was made available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs") (the "QIB Portion"), provided that our Company, in consultation with the BRLMs, allocated 60% of the QIB Portion to Anchor Investors, on a discretionary basis (the "Anchor Investor Portion"), of which one-third was reserved for domestic Mutual Funds, subject to valid Bids having been received from domestic Mutual Funds at or above the price at which allocation was made to Anchor Investors ("Anchor Investor Allocation Price"). In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares was added to the remaining QIB Portion ("Net QIB Portion"). Further, 5% of the Net QIB Portion was made available for allocation on a proportionate basis only to Mutual Funds, subject to valid Bids having been received at or above the Offer Price, and the remainder of the Net QIB Portion was made available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids having been received at or above the Offer Price. Further, not less than 15% of the Offer was made available for allocation to Non-Institutional Investors ("NILs") ("Non-Institutional Portion") of which one-third of the Non-Institutional Portion was made available for allocation to Bidders with a Bid size of more than ₹0.20 million and up to ₹1.00 million and two-thirds of the Non-Institutional Portion was made available for allocation to Bidders with a Bid size of more than ₹1.00 million and undersubscription in either of these two subcategories of Non-Institutional Portion have been allocated to Bidders in the other sub-category of Non-Institutional Portion in accordance with the SEBI ICDR Regulations, subject to valid Bids having been received at or above the Offer Price. Further, not less than 35% of the Offer was made available for allocation to Retail Individual Investors ("RIIs") ("Retail Portion"), in accordance with the SEBI ICDR Regulations, subject to valid Bids having been received from them at or above the Offer Price. All Bidders (except Anchor Investors) were required to mandatorily participate in this Offer only through the Application Supported by Blocked Amount ("ASBA") process and provided details of their respective bank account (including UPI ID (defined hereinafter) in case of UPI Bidders (defined hereinafter) in which the Bid Amount was blocked by the Self Certified Syndicate Banks ("SCSBs") or the Sponsor Bank(s), as the case may be. Anchor Investors were not permitted to participate in the Offer through the ASBA process. For details, see "Offer Procedure" beginning on page 426 of the Prospectus.

The bidding for Anchor Investor opened and closed on December 19, 2024. The Company received 33 applications from 23 Anchor Investors for 5,597,025 Equity Shares. The Anchor Investor Offer Price was finalized at ₹704 per Equity Share. A total of 5,326,703 Equity Shares were allocated under the Anchor Investor Portion aggregating to ₹ 3,749,998,912. The Offer received 179,233 applications for 20,254,290 Equity Shares resulting in 1.14 times subscription as disclosed in the Prospectus. The details of the applications received in the Offer from Retail Individual Investors, Non-Institutional Investors and QIBs are as under (before rejections):

Sl. No.	CATEGORY	NO. OF APPLICATIONS RECEIVED	NO. OF EQUITY SHARES APPLIED	EQUITY SHARES RESERVED AS PER PROSPECTUS	NO. OF TIMES SUBSCRIBED	AMOUNT (₹)
A	Retail Individual Investors	175,903	4,695,306	6,214,489	0.75	3,304,167,447.00
B	Non-Institutional Investors – (More than ₹ 0.2 million and upto ₹1.00 million)	2,822	904,428	887,784	1.01	636,412,770.00
C	Non-Institutional Investors – (above ₹1.00 million)	451	793,527	1,775,569	0.44	558,557,328.00
D	Qualified Institutional Bidders (excluding Anchor Investors)	24	8,264,004	3,551,136	2.32	5,817,858,816.00
E	Anchor Investors	33	5,597,025	5,326,703	1.05	3,940,305,600.00
	<b>Total</b>	<b>179,233</b>	<b>20,254,290</b>	<b>17,755,681</b>	<b>1.14</b>	<b>14,257,301,961.00</b>

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